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## Rapid Response and TAA

An Occasional Paper Prepared as Part of the  
*Evaluation of the Trade Adjustment Assistance Program*

Final Report  
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## RAPID RESPONSE AND TAA

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In January of 2004, the U.S. Department of Labor (DOL) awarded Social Policy Research Associates (SPR) and its subcontractor Mathematica Policy Research (MPR) a contract for a national *Evaluation of the Trade Adjustment Assistance (TAA) Program*. The evaluation consists of an implementation study, which is examining how the TAA program operates, and a net impact study, which is estimating how program services change participants' employment and other outcomes from what they would have been otherwise. This paper, one in a series being produced as part of the implementation study, focuses on the role of Rapid Response services in furthering the aims of the TAA program.

This paper is based on data drawn from site visits to 48 local One-Stop Career Centers where TAA services were being provided and the state-level offices of the 23 states in which those local offices are located (for a list, see the Appendix). Field staff conducted these site visits from mid-2004 through mid-2006. The site visits entailed interviews with state and local TAA program administrators, representatives from One-Stop Career Center partner programs, fiscal and management information system (MIS) staff, One-Stop Career Center directors, and case managers.

After a brief introduction, the paper examines the Rapid Response organizational structure and the notice process, describing the agencies in which Rapid Response is located and how the function is organized to assess the degree of TAA involvement. It next looks at whether workers are given advance notice of an impending dislocation and what the implications of advance notice are for TAA involvement and meeting the worker enrollment deadlines for TAA. This sets the stage for an examination of how Rapid Response teams actually respond to trade-related dislocations, addressing responses to both employers and workers. Next, the paper discusses the implications for filing TAA petitions and promoting employer involvement in the worker adjustment process. Finally, it examines how TAA and other workforce investment services are presented to affected workers during Rapid Response.

## Introduction

It has long been recognized that, although beneficial to the economy as a whole, the expansion of international trade might harm some firms and individuals. The concept of “injury from trade” first appeared formally in U.S. government policy as part of the Trade Agreements program of the 1930s. In the 1940s, “escape clause” provisions in U.S. trade laws and in the General Agreement on Tariffs and Trade further formalized and refined this concept. These provisions sanctioned the institution of trade barriers if trade-related injuries could be clearly demonstrated. Thus, they surrendered some of the potential gains from trade and made extensive trade liberalization more difficult.

TAA represents an alternative strategy. Rather than blocking or reversing trade liberalization, TAA seeks to compensate workers and firms that have suffered trade-related injuries and to provide them with services that help them adjust to changes in market circumstances. Such a program was first instituted in the United States as part of the Trade Expansion Act of 1962, which offered financial payments and other adjustment services to affected workers. However, strict eligibility requirements kept take-up rates low. In subsequent years, ensuing legislation and amendments—including the Trade Act of 1974 and the Omnibus Trade and Competitiveness Act (1988), among others—expanded eligibility guidelines and changed the program’s orientation from financial compensation to adjustment through training and reemployment services.

The Trade Act of 2002, which amended the program most recently, was enacted just before this evaluation commenced and constitutes the backdrop for the study.<sup>1</sup> This legislation and DOL’s accompanying guidance changed the TAA program in several notable ways. The Act and directives:

- Expanded the number of workers eligible to receive trade benefits by opening access to some “upstream” suppliers of components to primary certified firms and “downstream” firms performing finishing operations.
- Promoted collaboration among programs and partner organizations in the One-Stop delivery systems.
- Offered new benefits to trade-affected workers, including:
  - A Health Coverage Tax Credit (HCTC) to partially cover health insurance costs, and

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<sup>1</sup> The TAA program has been amended yet again, in the Trade and Globalization Adjustment Assistance Act of 2009 (TGAAA), a part of the American Recovery and Reinvestment Act. TGAAA expands TAA eligibility to service workers, relaxes deadlines for enrollment in training, and increases income support, among other notable changes. TGAAA was enacted well after data collection for this study occurred and is not referenced further.

- Alternative TAA (ATAA) to provide payments to older TAA participants who become re-employed at wages lower than their previous job’s wages and who do not pursue training.
- Promoted fiscal integrity and performance accountability.
- Increased the program’s focus on achieving “rapid, suitable and long-term employment for adversely affected workers,”<sup>2</sup> by emphasizing early intervention services, improved assessment and reemployment services, and enhanced benefits during training.

Rapid Response has a shorter history. While recognition that the workforce investment system needed to organize services to cope with the impact of dislocations (regardless of cause) had emerged as early as the 1950s, no efforts had been systematically applied until the enactment of a general dislocated worker program under the Job Training Partnership Act (JTPA). In the 1980s, a few states developed teams to provide early intervention services when a plant closed or a major layoff occurred. Such early-intervention services may facilitate adjustment for workers, firms, and communities. The 1988 passage of the Economic Dislocation and Worker Adjustment Assistance Act (EDWAA), which amended JTPA, required all states to establish state-level Dislocated Worker Units with Rapid Response teams that provide early-intervention services.

As part of the 1988 amendments, Congress also passed the companion Worker Adjustment and Retraining Notification (WARN) Act that required larger companies to provide at least 60 days notice of plant closings and larger layoffs. WARN requirements thus potentially can facilitate the provision of Rapid Response services and the filing of TAA petitions.

At the time of the enactment of EDWAA and WARN, the TAA program was almost always administered separately from the JTPA Dislocated Worker program. TAA services and Trade Readjustment Allowance (TRA) benefits were delivered by state Employment Service (ES) employees working in local offices that often had little or no connection to local JTPA programs.<sup>3</sup>

During the 1990s, however, a consensus emerged across the workforce investment system that the workforce investment system required more integration of services and programs, including recognizing that trade dislocations were little different in character from other dislocations and that they should be integrated with other dislocated worker services. This consensus culminated

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<sup>2</sup> Training and Employment Guidance Letter (TEGL) No. 11-02, p. 2.

<sup>3</sup> During this early period, the extent of Rapid Response services offered to trade-affected workers is not known, but given limited connections between the programs, service gaps were likely.

in the enactment of the Workforce Investment Act (WIA) in 1998 to replace JTPA. WIA created the One-Stop delivery system, in which numerous programs, including TAA, were required to be partners and make their services accessible through local One-Stop Career Centers.<sup>4</sup>

To help implement the new law, the U.S. Department of Labor (DOL) convened workgroups, including a National Rapid Response Workgroup, which recommended applying to trade dislocations the same principles for Rapid Response services that the more effective states were already applying to most dislocations. Thus, the Workgroup recommended that early intervention, layoff aversion, customer choice, and service integration be used in the TAA program, as they appeared to be effective for other dislocated workers. DOL consistently advocated the Rapid Response quality principles that emerged from that effort through guidance and technical assistance.<sup>5</sup>

In the Trade Act of 2002, Congress required that the filing of any TAA petition must trigger a Rapid Response and that services in the One-Stop delivery system must be available to affected workers.<sup>6</sup> An earlier paper produced as part of the evaluation, the *Initial Implementation of the Trade Act of 2002*, reported that these requirements were being diligently carried out by the states. Moreover, Rapid Response activities were entrenched as a part of states' processes for responding to major dislocations whether or not trade had been identified or was suspected as a contributing cause.<sup>7</sup> This paper delves into the relationship between Rapid Response and TAA more deeply.

This paper examines the relationship between TAA and Rapid Response services, exploring organizational structures, Rapid Response services provided in trade-related dislocations, implications for filing TAA petitions and promoting employer involvement in the worker

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<sup>4</sup> The Government Accountability Office (then the Government Accounting Office), in a series of reports and Congressional testimony starting in 1993, criticized the fragmentation of the Federal employment and training system. See, for example, Testimony before the Subcommittee on Postsecondary Education, Training and Lifelong Learning, Committee on Economic and Educational Opportunities, House of Representatives, February 6, 1995. "Multiple Employment Training Programs: Major Overhaul Needed to Create a More Efficient, Customer-Driven System." GAO/T-HEHS-95.

<sup>5</sup> The quality principles developed by this Workgroup are included in Training and Employment Information Notice 3-01, October 3, 2001. The quality principles were also adapted for the TAA program in TEGP 5-00, September 18, 2000.

<sup>6</sup> The North American Free Trade Agreement-Transitional Adjustment Assistance Program (NAFTA-TAA), enacted in 1993, explicitly required states to make Rapid Response and basic readjustment services available to affected workers.

<sup>7</sup> Social Policy Research Associates, 2009, *Initial Implementation of the Trade Reform Act of 2002*.

adjustment process, and, finally, how information on TAA is presented to affected workers during Rapid Response sessions.

Even in states in which trade-related dislocations constitute a small proportion of the overall number of dislocations, states noted that trade-related dislocations tend to be larger and, thus, more often have a major impact on local communities and labor markets. The ability of states to provide Rapid Response services to workers who are or might be TAA-certified workers is thus of critical importance in reducing the burden of dislocation on individuals and the surrounding communities.

## **Organization of Rapid Response Services and TAA**

WIA and JTPA required the Governor to create a Dislocated Worker Unit that included the Rapid Response function, and the Trade Act authorized DOL to enter into agreements with “cooperating state agencies” to administer TAA. In most states, these programs are located in the same agency. Thus, at the highest structural level, about two-thirds of the states in the study created a unified State Workforce Agency (reflecting the prevailing pattern in the nation). The State Workforce Agency typically includes both Employment Security (Employment Service (ES) and Unemployment Insurance), which typically operates TAA and TRA, and WIA, which oversees the local dislocated worker services. Rapid Response is mostly located in the state’s Dislocated Worker Unit within the WIA administrative structure, although at least four states have located Rapid Response within ES.

While the broad consolidation of agencies and functions into a single large-scale entity establishes a basis for collaboration, a number of states have taken further structural steps to bring TAA closer to Rapid Response and the dislocated worker program in general. Thus, seven states have placed TAA administration in the same state-level unit as Rapid Response. This organizational structure explicitly recognizes not only that TAA is a dislocated worker service, but also that its unique deadlines require a closer connection with the front end of dislocated worker services provided through Rapid Response. Other states, such as Michigan, Massachusetts, and Ohio, distribute their Rapid Response staff in field offices. In such cases, effective linkages with TAA appear to vary to the extent that the individual Rapid Responders establish working relationships with their TAA counterparts. Ohio solves the problem, at least in part, by making its regional TAA coordinators also responsible for ES participation in Rapid Response.

The level of coordination, not surprisingly, is even more variable in the states that completely decentralize their Rapid Response function by funding regional state staff (typically from ES) or the Local Workforce Investment Areas (LWIAs) to handle dislocations in their areas. Of these,

two states, California and Texas, distribute Rapid Response funds by formula to local areas, while two others, Washington and Montana, provide some Rapid Response funds directly to local areas but retain some capacity at the state level, primarily to work on very large dislocations. In all states, the experience with integrating TAA into the Rapid Response teams varies, with local WIA staff making the decision as to the extent of participation of TAA staff on the Rapid Response team. For example, in the Vancouver Career Center in Washington, TAA is an integral part of the team that responds to all dislocations, while the Spokane counterpart is less involved. A similar level of variation was observed in the two California sites. In contrast, Texas, which devolves responsibility for the whole TAA program to the LWIA, includes TAA as a member of the Rapid Response team in the two sites visited, and state staff indicated that this pattern is prevalent throughout the state.

## **Staffing Rapid Response Teams**

There are several factors affecting how states staff their Rapid Response teams, regardless of the organizational alignment. One factor that mitigates direct TAA staff involvement (or staff from other programs for that matter) is the creation of full-time, dedicated Rapid Response teams, even where TAA is in the same larger organizational unit. The full-time, dedicated model differs somewhat in conception from the way Rapid Response was typically organized when Rapid Response first began in the 1980s. At that time, teams were typically composed of part-time members from programs with responsibility for serving dislocated workers. Staff from WIA, ES, and sometimes TAA came together as peers when they received a notice and planned a response, met with the employer, and delivered early-intervention activities.

Most of the states in the study have full-time staff whose sole responsibility is Rapid Response. These full-time Rapid Response staff members typically go out to the initial meetings with the employer (and, in some cases, the workers) on their own. After more information is gathered, the Rapid Response team convenes a broader group of representatives from specific programs, such as WIA, TAA, Unemployment Insurance, Adult Basic Education, and Vocational Rehabilitation, to plan any longer term state and local response. Alternatively, only if the notice process or the first telephone contacts reveal specific needs do other program representatives attend that initial meeting. Thus, TAA would not likely be represented at the initial meeting unless trade is known at the outset to be a cause of the dislocation.

Twelve states that emphasize a full-time, dedicated Rapid Response team model also require that the staff must have some business background to facilitate the critical relationship with the employer that initiates the Rapid Response. Also observed were such requirements at some of the local sites visited in the states that devolve Rapid Response activity, entirely or substantially,

to the local level. At least two of these local areas place the Rapid Response function with their business service units.<sup>8</sup> In these areas, the employer is at least an equal customer, a factor that contrasts with TAA whose customer focus is strictly on the job seeker.

A few states maintain the earlier structural form, with a single Rapid Response coordinator who is responsible for mobilizing peer staff from other programs whenever a WARN or other notice is received. In these cases, TAA staff, as in the full-time model, are likely to be included in the planning and initial meetings if a trade impact is known or likely.

Another factor related to staffing that influences the emphasis on TAA is the degree of labor involvement. About three-quarters of the states, including some right-to-work states, provide for some role on the Rapid Response team for the labor movement. The labor member is typically a representative of the state labor federation, which has a contract with WIA (predominantly) or with TAA (in a few cases). Labor members typically do not participate in organizational phases of Rapid Response activity in the back office. Rather, they participate as a team member during actual outreach to workers. Their role in at least five states is general, but at least seven states restrict the labor members to working on the teams that intervene in a unionized plant. Since unionized facilities are relatively concentrated in manufacturing, Rapid Response team respondents noted that their unions play a relatively larger role in trade-related dislocations than in other dislocations. These respondents consider that the labor members are a strong asset to promote prompt participation in TAA.

## **Obtaining and Transmitting Information on Dislocations**

Learning about a potential dislocation is the natural starting point for all Rapid Response. All states rely heavily on WARN to learn about dislocations of 50 or more workers, for which employers must provide notice. Other means that staff use to learn about dislocations include reading newspapers and trade journals, gathering intelligence from other public agencies or business and labor organizations, and talking with One-Stop Career Center customers. In at least four states, the UI system automatically flags companies against which multiple initial claims have been filed and notifies the Rapid Response unit of a potential mass layoff.<sup>9</sup>

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<sup>8</sup> The Texas state Rapid Response coordinator reported that some LWIAs use the business service staff for Rapid Response, but he could not specify how many used this approach.

<sup>9</sup> Oregon's UI system also notifies the TAA program directly because TAA is in the same agency as UI, while the Rapid Response team is located in a separate agency.

Identifying whether such dislocations are trade-related is likewise the starting point for TAA involvement in the Rapid Response process. If the potential trade impact is not already known, states sometimes obtain such information in their initial telephone contact with the employer, but teams usually reserve this information request until the in-person meeting. Then, the information is passed to TAA staff so they can prepare for the appropriate presentations to workers.

If the notice, regardless of source, indicates that a trade impact may be involved, about half the states have specific procedures for forwarding such notices to the TAA coordinator. This ensures that TAA staff will participate in the initial Rapid Response planning and be available for the expected presentations to workers, which is especially important in industries with a long history of trade impacts.

## **Initiating Early Intervention Services to Support TAA**

The fundamental mission for Rapid Response, regardless of how it is organized or staffed, is to galvanize the workforce investment system—and, in some cases, other community partners—to help employers, workers, and communities adjust to plant closings and mass layoffs. Moreover, the Rapid Response team must do so quickly in a complex setting. The team needs to take advantage of a window of opportunity when workers may be receptive to services, while assuring employers that production will be maintained during the notice period, and, finally, meeting expectations from elected officials and the broader community that everything possible will be done to mitigate the effect of the dislocation.

This section discusses how the team collects information about the dislocation, with the first step almost always being contacting the employer (and union in a unionized plant). This initial contact can result in the filing of a TAA petition. The section then examines how the Rapid Response team sets up a framework for readjustment services, and concludes with a discussion of how One-Stop Career Center services, including TAA, are presented to workers.

## **Contact with the Employer—Getting Information**

The employer's role in early intervention services is very important because employer cooperation is often critical to successful delivery of services to workers. Since this cooperation should be obtained early, the largest proportion of the states in the study try to meet with the employer within 48 hours of receiving a dislocation notice. At times, even this quick response is sometimes expedited. It is hardly unusual for teams to call the employer immediately, especially in very large dislocations. One Rapid Response coordinator, for example, was expecting a notice of a large layoff at an automobile assembly plant that he thought likely to be certified for TAA. He planned to contact the plant's human-resource director as soon as he received notice and set

up an initial meeting for the same day. If the plant is unionized, local union officials are commonly, but not always, invited to this meeting.<sup>10</sup>

The basic goal of the initial meeting with the employer is fact-finding. The Rapid Response team tries to identify the reasons for the dislocation. This is important for potential aversion activities and to determine whether there is a possible trade impact. If there is a plausible link to trade, all states ask the employer to file a petition. Also as a part of this initial meeting, the Rapid Response team then typically wants to get a profile of the workers and set up a plan for readjustment. Some states use a checklist or survey form to facilitate this effort and ensure that they cover all topics. Finally, the Rapid Response teams try to get employer agreement to hold a worker meeting at the plant site. If possible, the teams try to persuade the employer to allow the worker meeting on the clock. Each of these actions tends to maximize worker participation.

In general, the Rapid Response staff report that employers are very receptive to the proffer of services from the workforce investment system. Respondents note that the human-resource environment has improved substantially since the enactment of the Rapid Response process and WARN in 1988, with many human-resource professionals believing that advance notice and helping workers benefit the company. Thus, advance notice, while still not universal, now appears to be more common than when WARN was enacted, at least in the states in the sample. Moreover, most employers, according to the Rapid Response respondents, want to do something helpful for their workers while maintaining production. Even less beneficent employers may be persuaded that a positive adjustment strategy will be helpful to worker morale and keeping production up to required levels.<sup>11</sup>

## **TAA Petitioning**

As noted, identifying any actual or potential trade impact, informing employers about TAA, and getting a petition filed are key parts of the initial meeting with the employer. All states but one attempt to complete these activities. Sometimes the initial meeting with the employer can be instrumental in causing a petition to be filed, as reported in the Initial Implementation Study. Thus, if the company has not already filed a petition, even if there is only the remotest chance

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<sup>10</sup> The labor members of the Rapid Response team are often knowledgeable about the union situation and the collective bargaining that may occur during dislocations or other matters.

<sup>11</sup> A comment by a company human resource respondent suggests that notice and receptivity to worker services may reflect a shift in thinking by human-resource professionals. This respondent, when asked why her company was providing long notice and hosted on-site services, indicated that her human-resource academic training had emphasized the favorable impact of advance notice for employers, and this training formed the basis for her recommendation to the plant manager.

that the job losses were due to trade, Rapid Response staff will provide a petition at the meeting and try to get the employer to file. If an employer refuses to file, the team identifies other parties—most often a worker group or union—to file. As a last resort, the state or the One-Stop Career Center system will file, but these latter cases are relatively infrequent.

The Rapid Response and TAA respondents reported that most of the time companies are already well informed about TAA. Thus, more often than not, the target company has already filed a petition before the initial meeting takes place, or intends to file. This is especially true in states and industries that have a long history of dislocations due to trade.

Unions also play a major role in the petitioning process, especially in states with a strong union presence. As noted above, the state labor federation often plays a role on the Rapid Response team, and its representatives typically encourage filing petitions because they consider TAA very beneficial for workers, due to TAA's income-support feature and a generous training cap (relative to WIA). Also, local unions are very knowledgeable about the program because they have already gone through trade-related layoffs or because local unions at other plants have experienced trade-related dislocations. Several large unions, like the United Auto Workers and the United Steelworkers, even maintain full-time staff professionals specializing in TAA who provide technical support to their locals and members on petitions. Unions often will file jointly with the employer if a cooperative relationship exists, or independently, if the collective bargaining relationship is more adversarial.

In a majority of states, the Rapid Response teams also play a direct role in supporting TAA by using the initial meeting with the employer to identify whether any secondary worker groups might have been adversely affected by trade. In these states, Rapid Response staff will ask a potentially trade-affected employer at the initial meeting whether any upstream or downstream firms may be affected. Some information may also be gathered from union members of the team or from local union officials. However, the results from these efforts have been disappointing, as it has been rare to discover any secondarily-affected firms. Consequently, some respondents suggested that inquiries about secondary workers had become somewhat perfunctory.

In seven states, the Rapid Response teams also use the initial meeting to obtain, or facilitate obtaining, the certified worker lists. Six of these states reported that their Rapid Response teams are responsible for obtaining the lists, while the remaining state only facilitates the process by telling the employer that the state will need a list of separated workers covered by a TAA petition. In the other states, responsibility for obtaining the lists rests with the TAA or TRA office. Among the former group, Washington requests the list of workers, regardless of whether TAA may be involved. This state asks for a list of both workers and their occupations at this

initial meeting, and then uses the results to match workers against the job orders in the job-matching system, so that the Rapid Response team can present precise information on the state of the labor market and even make job referrals when it holds the initial Rapid Response meeting with affected workers.

## **Establishing the Framework for Readjustment Services**

Regardless of trade impact, the Rapid Response team's next step is to find a favorable environment in which readjustment services can be provided. The team must look at the short-term setting for a presentation to workers and the longer-term framework for the overall adjustment effort. In considering the latter, it is important, even essential, in some dislocations to attempt to avert a layoff. These considerations are discussed below.

### ***Employer Cooperation to Facilitate Presentations***

The success of Rapid Response in reaching workers is certainly affected by support from employers in several respects. At the beginning, employer support is essential to get a good turnout for the initial meeting with workers. Employers know the affected workers and have readily available communication with them. Further, they control the most favorable setting (the workplace) and the time (on-the-clock) for a successful meeting that will provide initial information and create a favorable environment for workers to participate in adjustment activities.

- **Notification.** It is very common for employers to agree to notify the affected workers about Rapid Response services through internal communications. When the announcement has just been made and the dislocation is to be a complete shutdown, notification is not difficult because adjustment is on everybody's mind. If an employer is uncooperative, the Rapid Response team typically notifies local media and community institutions. Newspapers and local television stations may run stories, while churches and other voluntary institutions can be quite effective in getting word out to their members.
- **Site.** All states attempt to provide the initial worker meeting at the employer site, if the employer is willing. Of this group, the states typically find that employers commonly agree, at a minimum, to host an on-site initial meeting for Rapid Response. If the plant is not available or is unsuitable, the union hall is considered the next best venue. Other places that are commonly used for worker meetings are schools and other community facilities, but respondents were quite clear that these are not as good.
- **On or off the clock.** In contrast, allowing the meeting to take place on-the-clock is much less common. Typically, the Rapid Response teams are allowed to present to workers at the end of the shift. For plants with multiple shifts, this requires the team to make multiple presentations at difficult hours.

The TAA and Rapid Response staff noted that gaining employer cooperation to improve the turnout and provide a favorable setting for the initial adjustment meeting is even more important for TAA than for other programs. In TAA, affected workers are more likely to understand the program's deadlines and relatively more complicated rules in a comfortable setting. If a TAA certification has already occurred, such notification becomes even more important because the initial meeting may even include the benefit rights interview that usually initiates the TAA process. The TAA respondents felt that a high turnout at the interview tends to promote higher take-up rates for the program and improves the efficiency of follow-up interviews for individuals or small groups.

### ***Employer Cooperation to Facilitate the Long-Term Service Delivery***

Employer help tends to diminish when it comes to ongoing services. While Rapid Response teams may try to establish on-site readjustment centers where some or all One-Stop Career Center services are available, the number of such centers is small because few employers have the interest or adequate facilities to support such a center.<sup>12</sup>

Second, Rapid Response teams sometimes try to use labor-management committees and peer counseling, tools for involving workers and their collective-bargaining representatives, to collaborate with the employer in managing their own readjustment process. Here too, nearly every state that mentioned this topic reported at least some use of the labor-management tools. However, as with on-site centers, the labor-management tools are relatively infrequently used because the companies prefer not to incur the extra staff costs of providing time off for participation in these activities. Nevertheless, a number of respondents suggested that the use of on-site centers and labor-management committees/peer counseling are more common in very large companies with union representation. Thus, because of higher union density in the manufacturing sector and the relatively larger size of trade-related dislocations than other types of dislocations, the use of labor-management tools may be somewhat higher in trade-related dislocations.

### ***Aversion Strategies***

Averting layoffs is a very desirable objective of Rapid Response, especially from the point of view of workers and the local community. Thus, every state considers aversion in developing a strategy for particular dislocations. They can do so using a broad arsenal of tools, including general economic development incentives, such as public infrastructure, loans or tax relief;

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<sup>12</sup> Some states are unenthusiastic about establishing on-site adjustment centers because out-stationing staff or providing computers and other equipment is relatively costly compared to serving workers in the One-Stop Career Center.

incentives related to workforce investment, such as customized training for incumbent workers; short-time compensation (reduced work hours with Unemployment Insurance); grants for pre-feasibility studies of a buy-out; and links to academic and/or public institutions that support worker buyouts. However, these tools are little used and even less frequently successful. Only four states have systematic plans in place or specific resources dedicated to aversion.

The major constraint is that the companies have largely made up their mind by the time they give notice, even if the notice period is relatively lengthy. This limitation on aversion is especially acute for trade-related dislocations in the textile and garment industries in the South. Several respondents noted that the general trend of the industry to shift production to China and other low-wage countries is irreversible and that it would be futile to attempt a buy-out or other aversion strategy.<sup>13</sup>

Although the aversion strategies themselves may be unproductive in reaching their ostensible goal, there appear to be some benefits for TAA and other employment and training activities. At least two local Rapid Response team members noted that the effort to save the jobs improved the reputation of the workforce investment team in the community in general and built confidence among workers in the workforce investment system, such that the workers were more willing to enroll in TAA and other adjustment activities.

## **Notifying Workers about Workforce investment Services, Including TAA**

While no state sets a specific boundary between early intervention services that Rapid Response leads and ongoing services from the local workforce investment system, it is clear that the first few meetings with workers are the province of Rapid Response. This section discusses the general framework for early-intervention services and how TAA is presented to workers within that framework. Since the timing and level of detail for TAA presentations depend on whether or not a TAA certification exists or is expected, the analysis is organized accordingly. Moreover, included within the concept of expected TAA certification are those communities that have experienced many trade-related dislocations and thus have extensive knowledge of the program and an expectation of certification.

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<sup>13</sup> Even in industries that maintain some base for domestic production, Rapid Response teams held out little hope of averting a layoff. For example, in Massachusetts a union representative on the state Rapid Response team noted that one company's union had offered to negotiate very large wage concessions. Nevertheless, the company refused to negotiate over its decision to shift production abroad, stating that even if wages were to decline to zero, the decision would not change.

### ***Presenting Services If There Is No TAA Certification***

If no TAA certification has been made and the dislocation occurs in an industry that does not have a history of trade impact, the overwhelming majority of Rapid Response teams understandably emphasize general One-Stop Career Center services at the initial meeting with workers. Most commonly, Rapid Response teams try to hold this initial meeting about one-to-two weeks after receiving notice. However, a number of states, mostly in the South, tend to hold their initial meetings much closer to the layoff date. Employers in that region resist earlier sessions due to concern that workers will leave for other jobs and thus disrupt production. Those employers frequently reject the Rapid Response team's contention that a good readjustment process will increase worker morale and help to maintain production.

The presentation of services resembles an orientation at the One-Stop Career Center itself. That is, the team describes the broad array of core services to help people find re-employment, such as workshops, resume help, job matching, and the like. They talk about the availability of help with basic skills and English-as-a-Second language from Adult Basic Education, and specialized help from Vocational Rehabilitation for workers with disabilities. They present training as a possible alternative for those who need skill enhancement, and here the teams generally suggest WIA because of its broad eligibility.<sup>14</sup>

Although the emphasis is on generic One-Stop Career Center services, TAA is still usually presented as a possible option, at least if the dislocation occurred in a manufacturing industry. This presentation is usually presented by TAA staff, because their greater expertise on the topic ensures that the technical details of TAA can be accurately conveyed, which is especially critical when the team expects extensive questions from knowledgeable workers or union officials.

Nonetheless, in this initial meeting the TAA presentation, as well as other presentations about One-Stop Career Center services, tends to be relatively short and limited to the broader information about the services available. Less emphasis is placed on eligibility rules and operating requirements, since the Rapid Response team members suggest that a less detailed presentation is more suitable at a time when workers have just learned about their job loss. Rapid Responders believe that it is easier for workers to think about broad, general program guidelines and features rather than a detailed comparison of different programs or what their own service trajectory might look like. By contrast, more detail about programs and their eligibility rules, including TAA, is presented at the second meeting with workers.

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<sup>14</sup> Despite the Rapid Response team's emphasis on enrollment in WIA as a gateway for more intensive services and training, no evidence indicated that Rapid Response services, by themselves, have any effect on the extent of co-enrollment in TAA and WIA. WIA enrollment is still influenced far more by local registration policies.

No respondent in any of these states felt that delaying the discussion of TAA had an adverse effect on workers' meeting the TAA program's training-enrollment deadline if TAA certification was eventually awarded, although a few respondents still thought that some workers would benefit from more time. Even where delays occur, states typically accommodate workers readily by granting waivers.

### ***Presenting Services If There Is a TAA Certification or Certification Is Expected***

TAA has critical deadlines and technical requirements that workers must meet in order to take up service, so the information about the program must be presented promptly and accurately. While Rapid Response respondents noted that dislocated workers are generally responsive to the proffer of services, they also said that finding the optimal time to present TAA and other intensive services is delicate. The time immediately after notice, they felt, is often less effective, because the workers are still in shock and tend not to pay much attention to the details of a presentation on services. This constraint seems especially pertinent for TAA, which is inherently a more complex program that creates a certain amount of uncertainty during presentations. On the other hand, they worried that, if details about TAA are withheld too long, workers may become much harder to reach because some may relocate and others may take an immediate job at wages well below their layoff wage. This section covers how Rapid Response and TAA staff present the TAA program at the initial Rapid Response employee meeting in situations where TAA certification 1) has occurred, and 2) has not occurred but is probable. Regardless of certification status, any detailed presentation on TAA is always done by TAA staff rather than Rapid Response staff.

If a TAA certification has already occurred, the Rapid Response team still uses the initial meeting with workers to present the broad array of One-Stop Career Center services, but the TAA segment often becomes much larger and more important than it would be otherwise. Indeed, it is common that when a certification is in hand, the initial Rapid Response meeting might segue into a TAA benefits rights interview, at which most states enroll participants. These presentations are always conducted by TAA staff, who are best able to answer technical eligibility and service questions.

As with any early Rapid Response session with workers, the states favor holding this meeting at the workplace because it is a more comfortable setting for workers to absorb TAA's details and critical time deadlines. In plants with shift work or staged layoffs, it is common for staff to come to the plant multiple times to conduct these sessions. TAA staff always lead the presentation and enrollment process because a high level of detail is required and questions must be answered accurately. The benefit rights interview often represents a handoff from Rapid Response to program services staff. While some Rapid Response teams stay involved to oversee the

adjustment process and provide liaison with employers, most Rapid Response teams appear to move on to other closings at this point.

If no certification has yet occurred, but one is likely, substantial detail about TAA is also provided. Partly this occurs because of TAA's pressing enrollment deadlines. But, more importantly, both TAA and Rapid Response staff indicated that workers in some communities are well aware of TAA because so many other plants in their communities have already experienced a trade-related closure. In these circumstances, workers expect to receive TAA and will ask questions about TAA regardless of the emphasis that the Rapid Response team might prefer to provide about it.

Where certification has not occurred, the Rapid Response team attempts to temper expectations for TAA, even for worker groups for whom eventual certification appears plausible. Rapid Response and TAA staff contend that the risk of disappointing workers who may expect the greater benefits from TAA far outweighs the benefits of earlier notice. Further, these staff members hope that workers will pursue a general adjustment strategy that focuses on the full range of One-Stop Career Center re-employment services rather than waiting for certification and TAA training. In this regard, the model is generally consistent with the policy changes of the Trade Act of 2002 amendments that TAA should be integrated with other One-Stop Career Center services and should not be construed strictly as a training program.

### **Presenting Specialized TAA Components: ATAA and HCTC**

Rapid Response teams also present TAA's specialized components, Alternative Trade Adjustment Assistance (ATAA) and the Health Coverage Tax Credit (HCTC), to all workers as part of the generic presentation. Naturally, if a certification has already occurred, the level of detail on these programs increases.

With respect to ATAA, as noted in the Initial Implementation Study, a number of states attributed ATAA's low enrollment to two factors: failure to petition for ATAA certification, and workers' lack of information about the program. Regarding the petition process, respondents in the earlier study noted that employers and other applicants were not checking the ATAA box on the TAA petition form. In response to this problem, state Rapid Response teams adopted two effective tactics. First, nearly all Rapid Response teams now routinely urge the employer to check the ATAA box on the petition form if there is even a barely plausible chance that the worker group might be ATAA certified. Second, at least one-third of the states have gone a step further by automatically checking the ATAA box when any petition is filed with the state and sending this version on to DOL. By the later rounds of the local site visits, respondents generally indicated that petition applicants were seeking certification under ATAA in nearly all cases.

Regarding information about ATAA, the earlier study found that the lack of understanding of ATAA and lack of descriptive flyers or other written information hampered the ability of Rapid Response and TAA staff to tell affected workers about the ATAA program. As with the petition process, the study's later respondents now indicate that all Rapid Response teams present ATAA as an integral part of their explanation of the TAA program at the initial, second, and subsequent meetings with workers. Thus, workers are receiving information about ATAA much earlier than was previously the case, and Rapid Response is playing an integral role in this.

At the same time, Rapid Response admittedly goes only so far. As noted, the initial presentation to workers during Rapid Response tends to cover TAA, and ATAA in particular, very lightly to avoid over-burdening workers with too much information at the outset. The downside of this approach, insofar as ATAA is concerned, is that it might lessen the urgency that workers might feel to begin the job search immediately. However, a slow start to job search can have an adverse impact on ATAA accessibility, because this program requires participants to obtain employment with 26 weeks of separation. While respondents, as noted above, do not think that the delay in providing details about the regular TAA program during Rapid Response causes participants to miss the training-enrollment deadline, TAA respondents suggested that ATAA take-up may be hampered by the 26-week deadline, because older workers need an especially long job-search period. Thus, any delays in presenting them with information about ATAA may push them away from ATAA towards the regular program. The adverse effects of a less detailed presentation in the meetings right after notice, then, may effectively limit the job-search period, especially in plants that give only the 60-day notice. The effect could be even more acute in smaller plants that can give shorter notice or no notice at all.

Nearly all states also have the Rapid Response team present basic information about the HCTC. For the most part, these presentations also appear to be relatively perfunctory, especially in those states that de-emphasize TAA information unless a certification has already been granted. These states pass out a flyer or brochure and mention that, if workers are eligible for TAA and TRA, they will also be eligible for the HCTC program. By contrast, two states indicate that they have no specific role for Rapid Response in presenting HCTC because they defer notification to workers about this benefit until after certification, which typically occurs after Rapid Response has concluded.

## **Conclusions**

In conclusion, generally close connections between Rapid Response functions and TAA exist, suggesting that the policy objectives in the Trade Act of 2002 are being fulfilled. Key points include the following:

- TAA is structurally integrated into Rapid Response in most states, at least to the extent that TAA is located in the same organization. While direct participation by TAA staff on the Rapid Response team by TAA is limited, there is considerable evidence of notification, information flow, and direct coordination where trade impacts have occurred or are very likely to occur.

However, a major constraint on having direct TAA participation on the team lies in different time in which each program operates. In many states, Rapid Response tends to have a relatively short duration and limited responsibility for service delivery. In contrast, TAA, almost universally, does not get involved until after a certification has occurred. This is necessarily the case if the petition is not filed until after Rapid Response has filed or suggested to the employer or union to file.

- States and local areas are far exceeding the statutory requirement to initiate a Rapid Response whenever a TAA petition is certified. In fact, Rapid Response occurs in association with virtually all significant dislocations, whether or not trade impacts are suspected. Further, the Rapid Response teams appear to be triggering the filing of a petition at least as often as they respond to an existing certification.
- Rapid Response teams present TAA as an integral part of One-Stop services. Most of the presentations on the program emphasize general re-employment services, in keeping with the principle that workers should be given prompt access to core and intensive services. Training is discussed as an alternative for those who demonstrate that they lack marketable skills after having tested the labor market. But the details of TAA training, which typically provides the highest level of tuition payments of any public training program and more income support from TRA, is not presented to workers until after certification, so that it does not raise expectations that may not be fulfilled.
- Improved coordination with WIA services is occurring. Most Rapid Response teams present WIA as the first alternative for those who may require training. In addition, evidence suggests that, in some states, WIA is providing some preliminary assessment and counseling, services that have been in severely short supply within TAA.<sup>15</sup>
- The newer programs of ATAA and HCTC are certainly presented very widely, within the general constraint of not announcing detailed program information before certification. Nevertheless, such presentations do not appear to have any significant impact on increasing enrollments in these programs.

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<sup>15</sup> See the companion Occasional Paper, *Linkages between TAA, One-Stop Career Center Partners, and Economic Development Agencies*, for a fuller treatment of this issue.

Overall, then, TAA is tightly linked into the Rapid Response functions in a way that appears to support the smooth and efficient operation of the TAA program, while introducing workers to the broader array of One-Stop Career Center services provided by TAA's partners.

## Appendix: List of Site Visits Conducted

The site visits on which the findings in this paper are based were conducted from mid-2004 to mid- 2006. These sites are shown in Exhibit A-1, along with the estimated percentage of all TAA participants nationwide that are represented by these states. Additional site visits are planned in the evaluation’s subsequent years.

**Exhibit A-1:  
States and Local Offices Visited**

	<u>Estimated Percent of TAA Participants</u>	<u>Local Offices Visited</u>
Alabama	3.5%	Opelika, Sheffield, Tuscaloosa
Arizona	1.2%	Phoenix
California	5.6%	Huntington Park, Sunnyvale, Santa Rosa
Georgia	3.9%	Rome
Illinois	3.7%	Arlington, North Aurora
Indiana	2.4%	Auburn, Gary
Kentucky	2.5%	Elizabethtown, Richmond, Somerset/Russell Springs
Maine	1.0%	Bangor, East Millinocket
Maryland	0.4%	Baltimore, Hagerstown
Massachusetts	1.8%	Holyoke
Michigan	3.6%	Allegan, Livingstone, Troy
Missouri	2.2%	Chillicothe, St. Joseph
Montana	0.2%	Kalispell
New Jersey	2.1%	Middlesex
New Mexico	0.4%	Albuquerque, Silver City
North Carolina	9.4%	Aberdeen, Asheboro, Wilson
Ohio	4.0%	Columbiana, Dayton
Oregon	2.0%	Lane, Portland West
Pennsylvania	6.7%	Lawrence, Montgomery, York
South Carolina	3.0%	Greenville, Seneca, Santee-Lynches
Tennessee	4.1%	Knoxville, Mid-South
Texas	7.0%	Conroe, Richardson
Washington	2.2%	Spokane, Vancouver