



NATIONAL CONFERENCE *of* STATE LEGISLATURES

*The Forum for America's Ideas*

October 23, 2007

The Honorable Charles B. Rangel  
Chairman, Ways & Means Committee  
U.S. House of Representatives  
1102 Longworth House Office Building  
Washington, D.C. 20515

**Donna D. Stone**  
*State Representative*  
*Delaware*  
*President, NCSL*

**Sharon A. Crouch Steidel**  
*Director, Information Systems*  
*Virginia House of Delegates*  
*Staff Chair, NCSL*

**William T. Pound**  
*Executive Director*

Dear Chairman Rangel:

I want to first thank you for the time you and your Chief of Staff, Mr. George Dalley, spent with my colleagues and me on Thursday, October 4, 2007. My fellow NCSL Labor & Economic Development Committee Officers and I greatly appreciated the opportunity to share with you some of our concerns and interests as the Trade Adjustment Assistant (TAA) program is considered in the U.S. House Ways & Means Committee.

The National Conference of State Legislatures (NCSL) was very pleased to see several elements of our conversation included in the draft "Trade and Globalization Act of 2007" bill (H.R. 3920). State legislators and NCSL support free trade, but we also recognize that the generalized benefits of liberalized trade regimes sometimes produce short-term dislocation and economic pain for a specific few. It is appropriate that the federal government provide a well-funded and effective program that cushions and assuages the localized negative effects of globalized competition. On the eve of your Committee's consideration of H.R. 3920, I write on behalf of NCSL to remind you of NCSL's general support for TAA and to provide specific comment on particular items in the bill.

Eligibility

NCSL strongly supports the expansion of TAA eligibility beyond manufacturing workers to the service sector. As the American economy has evolved to be more dependent upon services industries and as these industries are increasingly globally competitive, it is appropriate that service workers receive the same consideration as manufacturing workers.

NCSL supports the inclusion of agricultural workers impacted by globalization in the TAA program. H.R. 3920's extension and authorization for funding of the TAA for Farmers is appreciated.

NCSL also supports the expansion of TAA eligibility to workers whose employers experience a "shift in production" to any of America's trading partners. With 151 members in the World Trade Organization (WTO) and the General Agreement on Trade in Services (GATS) governing services trade, NCSL supports eliminating the limitation of TAA eligibility for shifts to free trade agreement (FTA) or regional trade preference partners.

NCSL supports efforts to facilitate TAA determinations. Proposals to automatically certify workers from firms impacted by anti-dumping, countervailing duty, and safeguard laws and to institute an industry-wide determination process are welcomed. In the case of industry-wide determinations by the Secretary of Labor, NCSL recommends that governor(s) *as well as legislative leaders* of the states in

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which TAA-eligible workers are located receive notifications of both affirmative *and* negative determinations. NCSL further recommends that state policymakers be included in the development of rules by the Secretary of Labor to institute the industry-wide determination process.

H.R. 3920 expands TAA for Firms to service sector companies and attempts to assist trade-impacted communities through “manufacturing redevelopment zones.” NCSL sees value in both of these innovations, and suggests that the redevelopment zones and such community-oriented assistance could also be extended to the services sector. NCSL strongly supports the inclusion of state legislators in the nomination process for identifying redevelopment zones and encourages the Committee to require that state policymakers be involved in the development of any implementing regulations.

#### Program Flexibility

The legislation includes several restrictions on the manner in which states can implement or operate TAA programs. NCSL encourages Congress to grant states maximum flexibility to allow each state to craft a program, make determinations, and provide benefits in the most cost effective and efficient manner for that state. NCSL discourages any mandates on the manner in which states should implement TAA.

Congress should ensure that adversely affected workers are provided the full income support, training, reemployment services and other services and benefits – including health care, wage insurance, and unemployment insurance – to which they are entitled and that the law and implementing regulations allow claims for such benefits to be reviewed expeditiously and objectively. To this end, NCSL appreciates the increased funding cap for training services as well as the bill’s funding for state administrative costs. The bill should require active and meaningful consultation between the Secretary of Labor and state policymakers during the development of any new method for allocating TAA training funds.

NCSL applauds many of H.R. 3920’s improvements to TAA’s health insurance assistance, job search and relocation allowances, training program and unemployment insurance linkages, and wage insurance for older workers.

Outreach to ensure that workers, employers, and communities are informed of the benefits of TAA and effectively utilize the program is a shared responsibility of both federal and state governments. The federal government must ensure that the states have the information necessary and the funds to support effective outreach campaigns and that the program so advertised is fully funded and available to any and all eligible claimants.

#### Unemployment Insurance

H.R. 3920 goes beyond TAA to propose several changes to unemployment insurance programs. State legislators are concerned that the percentage of unemployed workers receiving unemployment insurance benefits has dropped dramatically, and that state unemployment insurance agencies have experienced reduced administrative funding appropriated by Congress in recent years.

We believe that in order for states to continue to administer the program effectively and efficiently, Congress should adhere to the provisions of the Reed Act that guarantees that surplus funds be returned to the states. The federal treasury has held the collected taxes in trust accounts for several decades and the amount being collected is more than adequate to fund administrative costs, yet the amount being returned to states has been continuously shrinking. States have received an average of 50-cent return on every dollar collected. Additionally, we are concerned with the details of the incentive payments in H.R. 3920 and urge that a prompt, consistent and transparent process for eligibility for these funds is developed with a thorough review system.

Mr. Chairman, thank you again for the opportunity to meet with you personally and to provide input on behalf of the National Conference of State Legislatures on your bill to extend and improve upon the Trade Adjustment Assistance program. Should you have any questions about NCSL's position on TAA or other trade matters, please do not hesitate to contact Jeremy Meadows of NCSL's Washington office at 202-624-8664; regarding unemployment insurance, contact Diana Hinton Noel at 202-624-7779. I look forward to working with you in this effort.

Sincerely,



Representative Phillip D. Frye, North Carolina  
Chair, NCSL Labor & Economic Development  
Committee

Enclosures: "Adjusting to Free Trade" from NCSL Free Trade & Federalism Policy  
Employment Security System Funding Policy

CC: Honorable Jim McCrery, Ranking Member, U.S. House Committee on Ways &  
Means  
Honorable Members, U.S. House Committee on Ways & Means

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