

Let Trade Adjustment Assistance (TAA) Expire

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
\$823	\$867	\$897	\$922	\$947	\$973	\$1,000	\$1,028	\$1,055	\$1,084	\$4,456	\$9,596

Heritage Recommendation:

The entire Trade Adjustment Assistance (TAA) program was set to expire on December 31, 2014. However, Congress extended the life of the program through FY 2015 with passage of the Consolidated and Further Continuing Appropriations Act of 2015. Congress should not reauthorize TAA again, and should let the program expire at the end of FY 2015. This proposal saves \$823 million in 2016, and \$9.6 billion over 10 years.

Rationale:

TAA provides overly generous government benefits to American workers who lose their jobs because of foreign trade, even though these workers are a small fraction of laid-off workers.

However, is there any evidence that this assistance and training improves earnings based on newly acquired job skills? Program evaluations of TAA say no. This finding should not be surprising, because scientifically rigorous evaluations of federal job-training programs have consistently found these programs to be highly ineffective.

A 2012 quasi-experimental impact evaluation of TAA by Mathematica Policy Research and Social Policy Research Associates builds upon the consensus of three previous quasi-experimental impact evaluations that have found TAA ineffective at improving the employment outcomes of participants. Thus, Congress should let this costly and ineffective program expire by not reauthorizing the program.

Overall, there is little empirical support for the notion that TAA improves the employment outcomes of displaced workers. In fact, TAA participants are more likely to earn *less* after participating in the program. This trend was also confirmed by a Government Accountability Office report that concluded that TAA participants are more likely to earn less in their new employment. Last, TAA failed a commonsense test of determining whether the program produces more benefits than its costs.

Additional Reading:

- David B. Muhlhausen, “Trade Adjustment Assistance: Let the Ineffective and Wasteful Job-Training Program Expire,” Heritage Foundation *Issue Brief* No. 4121, January 8, 2014, <http://www.Heritage.org/research/reports/2014/01/trade-adjustment-assistance-and-ineffective-job-training-program>.
- James Sherk, “Congress Should Allow Trade Adjustment Assistance to Expire,” Heritage Foundation *WebMemo* No. 3134, February 4, 2011, <http://www.Heritage.org/Research/Reports/2011/02/Congress-Should-Allow-Trade-Adjustment-Assistance-to-Expire>.
- U.S. Government Accountability Office, “Trade Adjustment Assistance: Most Workers in Five Layoffs Received Services, But Better Outreach Needed on New Benefits,” January 2006, <http://www.gao.gov/new.items/d0643.pdf>.



Calculations:

Savings based on CBO projections of program cost as found in “CBO’s April 2014 Baseline for Farm Programs,” April 14, 2014, <http://www.cbo.gov/sites/default/files/cbofiles/attachments/44202-2014-04-USDA.pdf>. The CBO projections include program costs through 2024. We assume costs of \$1,084 in 2025, using the same percentage increase in costs from 2024 to 2025 as occurred between 2020-2024.