

Trade Adjustment Assistance for Workers

**Fiscal Year 2012 Report to the Committee on
Finance of the Senate and Committee on Ways and
Means of the House of Representatives**



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The Department of Labor (Department) submits the following report on the Trade Adjustment Assistance (TAA) for Workers Program to the Committee on Finance of the Senate and Committee on Ways and Means of the House of Representatives. This report is submitted in accordance with section 249B(d) of the Trade Act of 1974. That provision requires the Department to provide a summary of specified data collected by the Department on the TAA Program for the preceding fiscal year (FY). This report reflects data reported for FY 2010 through FY 2012.

The TAA Program is a Federal program that offers a variety of benefits and services to workers who have lost their jobs due to foreign trade. Through the provision of a number of benefits and services, the TAA Program seeks to provide trade-affected workers with opportunities to obtain the support, resources, skills, and credentials they need to return to the workforce. These include training, employment and case management services, job search allowances, relocation allowances; income support in the form of Trade Readjustment Allowances (TRA), and Health Coverage Tax Credits (HCTC)¹ to provide assistance with health insurance premium costs.

For a worker to be eligible to apply for TAA, the worker must be part of a group of workers that is the subject of a petition filed with and certified by the Department. Three workers of a company, a company official, a union or other duly authorized representative, a One-Stop Career Center (rebranded as “American Job Center”) operator or One-Stop partner may file a petition with the Department and simultaneously with the Governor of the State in which the workers’ firm is located. In response to the filing, the Department initiates an investigation into whether the statutory criteria for determining that foreign trade was an important cause of the workers’ job loss or threat of job loss have been met. A broad summary of the group eligibility criteria includes: (1) at least three workers or five percent of the workers, depending on the size of the firm, have become separated, are threatened to become separated, or have had their hours or wages reduced; and (2)(A) increased imports of articles or services by the workers’ firm or customers; or (2)(B) the workers’ firm has shifted production or services to a foreign country or acquired articles or services from a foreign country; and (3) the increased imports, shift or acquisition contributed importantly² to the worker separations.

In addition, a worker group may be certified if the workers’ firm is a supplier or downstream producer of articles or services to a customer with a TAA-certified worker group, or if the U.S. International Trade Commission (ITC) named the worker’s firm in an affirmative determination

¹ Data on the number of workers receiving HCTC and the duration of their receipt of this benefit are not included in this report, as this information is collected by the IRS and reported by them in a separate annual report.

² Contributed importantly refers to the direct and substantial relationship between increased imports and a decline in sales and production.

of serious injury, market disruption, or material injury, or a threat thereof. If the Department makes an affirmative determination, it certifies the petition, identifies the worker group covered by the certification, and sends a notice of affirmative determination to the state and petitioner(s).

Once the state has received the notice of affirmative determination, it notifies the workers covered by the certification that they may apply to the state for benefits and services under the TAA program through the American Job Center network. The benefits and services each have separate statutory eligibility criteria in addition to the criteria for certifying the group of workers. Such criteria include previous work history, Unemployment Insurance (UI) eligibility, and individual skill levels, all of which states apply in determining the appropriate assistance to provide to individual workers.

Section 1: Program Highlights in FY 2012

Statutory Amendments

In the beginning of FY 2012, the TAA Program operated under the requirements of chapter 2 of title II of the Trade Act of 1974 (the Trade Act), as amended by the TAA Reform Act of 2002 (the 2002 Program) due to the expiration of the Trade and Globalization Adjustment Assistance Act (TGAAA or the 2009 Program) amendments on February 12, 2011. The Department continued operating the 2002 Program until October 21, 2011, when the Trade Adjustment Assistance Extension Act of 2011 (TAAEA) was signed into law by President Obama, resulting in the 2011 Program. Under this new legislation, the 2011 Program focused on training that leads to the attainment of an industry-recognized credential. The legislation eliminated three waivers of the deadline for meeting the enrollment in training eligibility requirement for a Trade Readjustment Allowance (TRA). In addition, it reduced the “additional TRA” available under the 2009 Program and introduced Completion TRA to allow eligible workers enrolled in training to receive TRA for up to 13 weeks additionally, for a maximum duration of income support of 130 weeks, as long as the last 13 weeks are needed for completion of a training program and the workers meet the requirements for this benefit.

The 2011 Program contains most of the features of the 2009 Program, which include: (1) broadened certification criteria to include eligibility for workers whose jobs were off-shored to countries in addition to those countries covered by Free Trade Agreements; (2) expanded benefits coverage for workers to include coverage for service sector workers; (3) expanded training opportunities; (4) extended income support, and (5) increased assistance with payments for health insurance coverage under the HCTC. In addition, the 2011 Program required additional reporting for participant performance outcomes. For a detailed description of the differences between the 2002, 2009, and 2011 Programs, please see Attachment A of this report, which is also available on the Department’s website at www.doleta.gov/tradeact.

At the beginning of FY 2012 the Department made several key improvements to its business operations model, to implement the 2011 Program, including adding customer service and

data integrity initiatives to achieve higher program performance goals. The improvements resulted in faster petition processing, proven efficiency of investigations, better data quality management, and additional customer outreach to eligible participants. The Department provided timely training and technical guidance to the Cooperating State Agencies (CSAs) to address the various changes in the statutory requirements for the program, and to help states operate in effect three different Trade programs. The Department implemented a data integrity initiative to improve state data reporting and the accuracy of reported program outcomes. We also added stronger internal performance accountability measures using performance standards, tested quality control procedures, and quarterly internal audits to identify successes and determine needed program adjustments. Finally, in an effort to maintain production and efficiency, the Department continued to update its petition forms and standard operating procedures to conform them to statutory changes.

Below are highlights of activities and performance outcomes for the TAA Program in FY 2012:

- Implemented Better and Quicker Ways to Process Petitions: The Department implemented improved staff training, and further streamlined internal procedures for TAA investigations (see Graph 2). Since we eliminated the remaining backlog of petitions in FY 2011, the Department was able to test new approaches to speed up investigations. In FY 2012, petition processing times improved by 35 percent to an average of 52 days, compared to the 80-day FY 2011 average. Further, the Department enhanced communications with the ITC to more efficiently exchange information, which allowed the Department to make faster ITC-related determinations. Also, the Department established stricter internal audits to review and determine effectiveness of business practices.
- Improved Overall Performance Outcomes: In FY 2012, roughly 69 percent of those who exited the program found employment within one quarter after exit, and of those workers who became employed, 91 percent were still employed 6 months later, with average earnings of almost \$19,000 for that 6-month period. This was an increase of 43 percent over the established Agency FY 2012 performance target (see Table 14). Where workers completed and received a credential from training, the reemployment rate improved by approximately 10 percent. For this cohort, almost 79 percent of workers found employment within one quarter after exit.

- Provided Guidance to Implement the TAAEA: The TAAEA brought about significant changes to the TAA Program. Even though it restored most of the provisions of the 2009 Program, it required significant guidance to the workforce system to ensure successful implementation. The Department issued detailed Operating Instructions to the SWAs and provided train-the-trainer training to the regions to help them guide the states on the implementation of the new 2011 Program. The legislation provided changes to many elements of the TAA Program, which caused particular complexity regarding implementation. For example:
 1. The TAAEA required that the Department reopen all denied petitions filed during the period when the program reverted back to the program requirements in effect under the Trade Reform Act of 2002, (the 2002 Program), which was from February 15, 2011 through October 20, 2011. During that period, the Department had denied a total of 151 investigations of petitions. These cases were reopened and investigated under the 2011 Program criteria for certification.
 2. The TAAEA included a one-time choice option, which allowed workers covered by petitions certified during this period (February 15, 2011 – October 20, 2011) who had participated in the 2002 Program, a one-time opportunity to choose whether they wanted to remain in the 2002 Program or switch to the 2011 Program. For the 90-day period beginning on December 20, 2011 through March 19, 2012, these workers could exercise that choice.
- Implemented the Consolidated Cap on TAA Funding Provision of the TAAEA: Under the 2011 Program, a \$575 million cap applies to the use of funds for training, job search allowances, relocation allowances, employment and case management services and the state administration of these benefits and services to trade-affected workers. That cap only applied to funds for training in prior law. The Department issued technical guidance to inform states that, while changes to funding under the TAAEA reduced the amount of funding available for training, it allowed states the flexibility to use available funds to provide the best mix of services and benefits for trade-affected workers in their respective states.

The impact of these provisions increased workloads both in the Department and in the states. However, the Department exceeded all established FY 2012 TAA Performance goals (see Table 14). In addition, as a result of the technical assistance the Department provided to states, SWAs were able to implement all provisions of the TAAEA.

Investigations and Petition Activity

In the beginning of FY 2012, the Department processed petitions under the 2002 Program criteria until the passage of the TAAEA. As stated above, this new legislation required the Department to reopen all petitions it denied during the reversion period, so a total of 151 denied cases were reopened and investigated under the 2011 Program criteria; in addition, at the time the TAAEA was enacted, 134 investigations of petitions were pending. New investigations of petitions filed after enactment of the TAAEA also were conducted under the 2011 Program criteria. Despite this challenge and the new set of eligibility criteria and staff training required under the new legislation, the Department was able to reduce its petition processing time to an average of 41 days by the fourth quarter of the Fiscal Year 2012 (see Graph 2).

The Department also made efforts to improve its customer outreach and transparency by instituting a set of internal Customer Service measures. These measures involved better and more frequent communications with and outreach to petitioners to obtain necessary information for more timely investigations. The Department improved procedures to include more timely notifications of trade decisions to states, workers and employers to help workers be able to enroll in the TAA program more quickly. The Department also began posting TAA petitions on its website and continued to monitor petitions that were filed online to ensure accuracy and completeness of petitions. These enhanced procedures and quality controls promote greater efficiencies and were supported by an audit conducted by the Government Accountability Office (GAO). The GAO report, entitled: *“Trade Adjustment Assistance: Changes to the Workers Program Benefitted Participants, but Little is Known about Outcomes”* (GAO-12-953) yielded no further recommendations for improvements by the Department.

In summary, for FY 2012, a total of 1,439 petitions were filed and 1,327 determinations were issued, almost 85 percent of which resulted in certifications of eligibility to apply for TAA benefits and services, covering an estimated 81,510 workers from various industries. The remaining 14.5 percent of the determinations resulted in denials covering an estimated 22,711 workers.

Enhanced Technical Guidance to States

After the passage of the 2011 Program, the states required training on the administration of the program while continuing to serve TAA participants under both the 2002 Program and the 2009 Program. The Department conducted Regional training sessions on the 2011 Program and, to ensure consistency of Regional guidance and technical assistance among the states, established monthly Regional conference calls. Participants in these calls included Departmental staff from Office of Trade Adjustment Assistance (OTAA), the Office of Unemployment Insurance (OUI), the Employment and Training Legal Services Division of the Office of the Solicitor (ETLS), and Regional Coordinators. Regions reported on any issues that could potentially affect their states' ability to operate the TAA programs successfully. Additionally, the Department provided regular updates and technical

assistance to Regional Trade Coordinators to address questions on the new legislation and inquiries surrounding program and policy guidance throughout the fiscal year. The Department concluded its intensive training efforts with a tri-regional conference.

The Department also implemented a 6-month TAA Data Integrity Initiative to ensure that data reported by states was accurate and reliable. Beyond the current control measures used to screen individual data during each quarterly state Trade Act Participant Report (TAPR) submission, the TAA Data Integrity Initiative included a quarterly review of state data, both aggregate and individual, using new business intelligence tools. Underreported or incorrectly reported data were review targets.

States that were unable to meet targets for reporting in identified areas were asked to resubmit their data in order to be compliant with statutory reporting requirements. The Department's Data Integrity Initiative is ongoing, and will become a standard for states in FY 2013 and beyond.

In addition to increasing communication with partners and implementing the Data Integrity Initiative measures, the Department:

- Contributed to and acted on GAO, Congressional Research Service (CRS), Office of Inspector General (OIG) and other report findings in conjunction with the Regions and other program offices in the Department;
- Monitored and tracked state fiscal activity through state-provided ETA-9130 Financial Reports;
- Encouraged ETA Regional Coordinators to submit state-specific participant stories, and published these on the Departmental website at www.doleta.gov/tradeact;
- Worked with ETA Regional staff to facilitate responses to state court cases, certifications, denials, and petition activity in conjunction with ETLs;
- Followed-up with Regions on data trends as reported in TAPR; and
- Created a State Monitoring Guide supplement for ETA Regional staff use in site visits to ensure proper program administration and compliance.

Section 2: Data on TAA Petition Activity

Petition Activity

During FY 2012, the Department certified 1,134 petitions, or 85.46 percent of the total number of determinations issued during the year, which was approximately 1,332.* An estimated 81,510 workers from various industries were covered by these certifications, which allowed them to apply for TAA benefits and services. Table 1 below is a comparison of the estimated number of workers certified and denied in FY 2012, FY 2011 and FY 2010 and the corresponding petition activity during these same fiscal years.

Table 1: TAA Petition Filing & Determination Activity, FY 2010 – FY 2012*

Fiscal Year	Petitions Filed	Petitions Certified	% of Petitions Certified	Est. Certified Workers	Petitions Denied	% of Petitions Denied	Est. Denied Workers
2010	2,543	2,809	77.47%	287,026	817	22.53%	77,199
2011	1,358	1,205	79.33%	104,743	314	20.67%	22,949
2012	1,439	1,134	85.46%	81,510	193	14.54%	22,711

**Note: During any fiscal year, the number of petitions filed will not necessarily be the same as the number of determinations issued, for a variety of reasons: first, the processing time for petitions may overlap fiscal years; and second, petitioners may withdraw a petition once it has been filed, which results in the termination of an investigation. Data is inclusive of workers added to petitions after amendments were filed.*

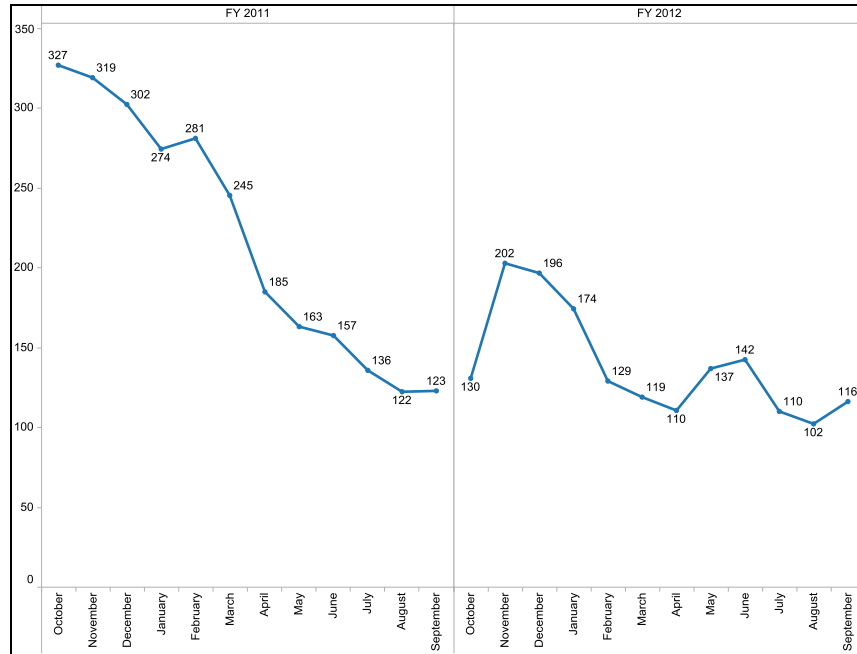
Impact of Statutory Changes on Petition Processing

Following the expiration of the TGAAA on February 12, 2011 and through the October 21, 2011 enactment of the TAAEA, the group eligibility certification criteria used by the Department to determine whether workers covered under petitions filed during that period would be eligible for TAA were those in effect for the 2002 Program. With enactment of the TAAEA, the group eligibility criteria generally returned to the criteria in effect for the 2009 Program. Although a group eligibility provision for workers in public agencies was available under the 2009 Program, no petitions for certification of public agency workers were certified and the TAAEA did not restore that provision.

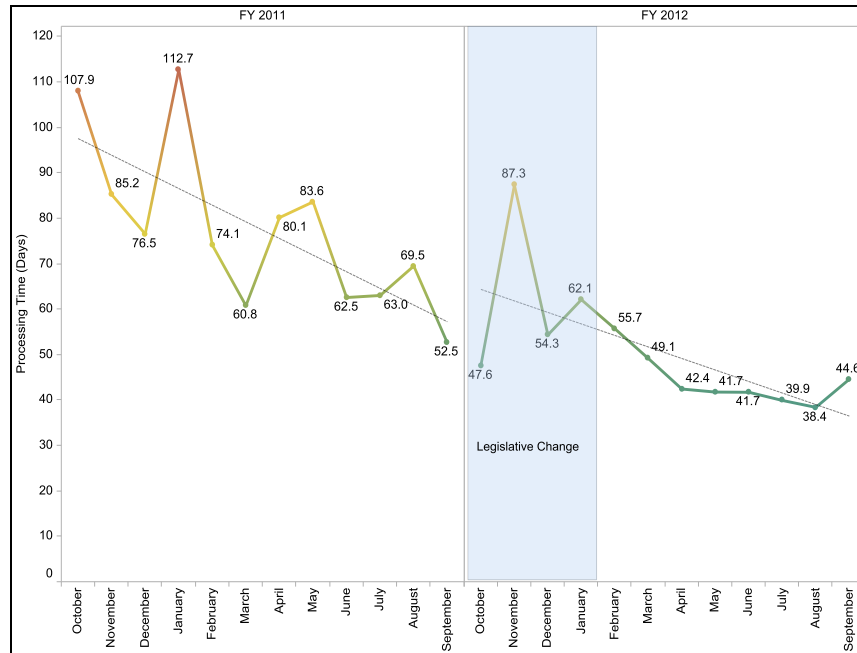
Immediately after the passage of the TAAEA, new provisions required the Department to reopen and conduct new investigations of 151 cases that had been denied under the group eligibility requirements for the 2002 Program to give petitioners an opportunity for the expanded benefits that the TAAEA made available under the 2011 Program. Of these 151 cases, the Department revised negative determinations to issue certifications of 80 petitions, yielding 4,904 workers certified eligible to apply for benefits and services under the 2011 Program.

The Department began FY 2012 with 130 petition investigations in process and ended the fiscal year with 116 petition investigations in process. Between those dates, enactment of the TAAEA led to a notable spike in petition filings and significantly increased petition processing times in November 2011, as shown on Graphs 1 and 2, below, which compare the number of petitions under investigation and the processing time for petitions in FY 2011 and FY 2012. The Department instituted several strategies to successfully manage this increased caseload, and found that case processing times are more dependent on the degree of cooperation by the firm, whether customers of the firm need to be surveyed, and the number of locations of the worker group that is the subject of the petition.

Graph 1: Average Petitions in Process by Month in FY 2011 and FY 2012



Graph 2: Average Processing Time for Petitions *



Data on Investigations and Petition Activity

In FY 2012, the Department certified petitions covering workers in 45 states, as well as Puerto Rico. Chart 1 provides a percentage breakdown of FY2012 certified petitions by the North American Industry Classification System (NAICS) sectors in which these workers were employed. Chart 2 provides a percentage breakdown of denied petitions by these industry sectors. Descriptions of the top five industry sectors for which the Department has compiled data are listed in Attachment F.

Chart 1: FY 2012 Petition Certifications by Industry Sector

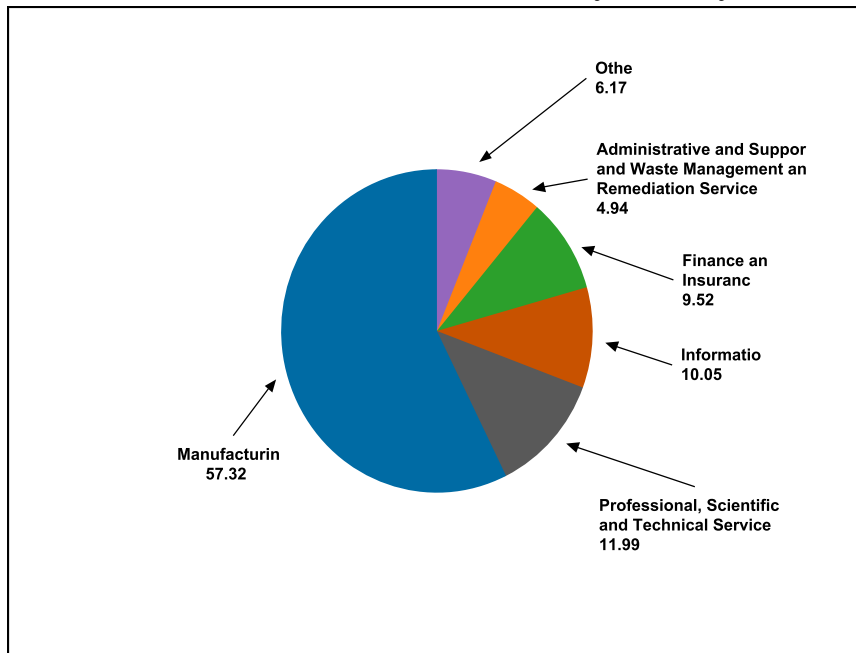
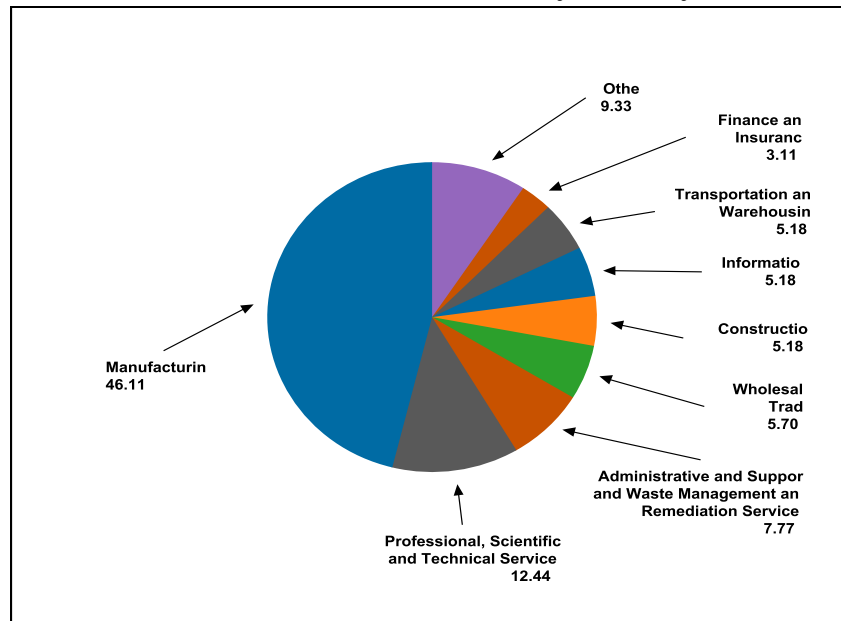


Chart 2: FY 2012 Petitions Denials by Industry Sector



The following tables provide a breakout of the number of petitions certified under the statutory provisions of the Trade Act for certification under the 2011 Program- (Table 2) and the 2002 Program (Table 3), and by industry sector (Table 4). Table 5 provides data on the industry sectors of petitions that were denied in FY 2012). For a breakout of certified petitions by state, please refer to Attachment C (table) and Attachment D (map). For a breakout of certified petitions, by Congressional District, please refer to Attachment E (table).

Table 2: FY 2012 Certifications under Trade Act Provisions for 2011 Program

	Certification Type	Trade Act Provision Section 222	# of Certifications	Est. Certified Workers	% of Total
Product	Shift in Production to a Foreign Country	(a)(2)(B)(i)(I)	271	24,342	24.6%
	Customer Imports of Articles	(a)(2)(A)(ii)(I)	96	11,469	8.7%
	Company Imports of Articles	(a)(2)(A)(ii)(I)	51	5,364	4.6%
	Increased Aggregate Imports	(a)(2)(A)(ii)(I)	43	4,547	3.9%
	Secondary Component Supplier	(c)(2) & (c)(3)(A)/(c)(3)(B)	43	3,269	3.9%
	Acquisition of Articles from a Foreign Country	(a)(2)(B)(i)(II)	35	2,688	3.2%
	ITC Determination	(f)	33	1,598	3.0%
	Downstream Producer	(c)(2) & (c)(3)(B)	5	260	0.5%
	Imports of Finished Articles Containing Like or Directly Competitive Components	(a)(2)(A)(II)(aa)	5	221	0.5%
	Imports of Finished Articles Containing Foreign Components	(a)(2)(A)(III)	3	82	0.3%
	Subtotal			585	53,840
Service	Shift in Services to a Foreign Country	(a)(2)(B)(ii)(I)	286	12,029	26.0%
	Acquisition of Services from a Foreign Country	(a)(2)(B)(i)(II)	197	7,240	17.9%
	Secondary Service Supplier	(c)(2) & (c)(3)(B)	16	576	1.5%
	Customer Imports of Services	(a)(2)(A)(ii)(I)	15	3,817	1.4%
	Imports of Articles Produced Using Firm Services	(a)(2)(A)(II)(bb)	1	104	0.1%
	Subtotal			515	23,766
Total			1,100	77,606	100.0%

Table 3: FY 2012 Petition Certifications under Trade Act Provisions for 2002 Program*

	Certification Type	Trade Act Provision Section 222	# of Certifications	Est. Certified Workers	% of Total
Product	Secondary Component Supplier	(b)	13	415	38.2%
	Increased Company Imports	(a)(2)(A)	8	2,495	23.5%
	Shift in Production to an FTA Country or Beneficiary	(a)(2)(B)(ii)(II)	7	439	20.6%
	Increased Customer Imports	(a)(2)(A)	3	228	8.8%
	Actual/Likely Increase in Imports following a Shift Abroad	(a)(2)(B)(ii)(III)	2	323	5.9%
	Increased Aggregate Imports	(a)(2)(A)	1	4	2.9%
Total			34	3,904	100.0%

**Note: In FY 2012, the statutory provisions in effect before the expiration of the TGAAA (the 2002 Program criteria) were applied to petitions filed from October 1, 2012 through October 20, 2012.*

Table 4: FY 2012 Petition Certifications by Industry Sector

Industry Sector	# of Petitions Certified	% of Total # of Petitions Certified*	% of Petitions Certified of the Total # of Petitions Filed**	Estimated # of Workers	% of Total Estimated Workers
Manufacturing	650	57.30%	87.96%	55,217	67.70%
Professional, Scientific, and Technical Services	136	12.00%	85.00%	5,332	6.50%
Information	114	10.10%	91.94%	5,294	6.50%
Finance and Insurance	108	9.50%	94.74%	3,419	4.20%
Administrative and Support and Waste Management and Remediation Services	56	4.90%	78.87%	7,006	8.60%
Wholesale Trade	16	1.40%	59.26%	973	1.20%
Transportation and Warehousing	15	1.30%	60.00%	1458	1.80%
Retail Trade	13	1.10%	81.25%	341	0.40%
Health Care and Social Assistance	6	0.50%	66.67%	109	0.10%
Other Services (except Public Administration)	6	0.50%	60.00%	677	0.80%
Management of Companies and Enterprises	4	0.40%	66.67%	661	0.80%
Construction	3	0.30%	23.08%	451	0.60%
Real Estate Rental and Leasing	3	0.30%	75.00%	116	0.10%
Utilities	2	0.20%	50.00%	303	0.40%
Agriculture, Forestry, Fishing and Hunting	1	0.10%	50.00%	3	0.00%
Educational Services	1	0.10%	33.33%	150	0.20%
Total	1,134	100.00%	85.46%	81,510	100.00%

*This percentage represents the certification rate of total petitions certified by industry.

**This percentage represents the certification rate of the total number of petitions filed by industry.

Table 5: FY 2012 Petition Denials by Industry Sector

Industry Sector	# of Petitions Denied	% of Total # of Petitions Denied*	% of Petitions Denied of the Total # of Petitions Filed**	Estimated # of Workers	% of Total Estimated Workers
Manufacturing	89	46.1%	12.04%	12,174	53.6%
Professional, Scientific, and Technical Services	24	12.4%	15.00%	2,159	9.5%
Administrative and Support and Waste Management and Remediation Services	15	7.8%	21.13%	1,990	8.8%
Wholesale Trade	11	5.7%	40.74%	1,812	8.0%
Construction	10	5.2%	76.92%	2,023	8.9%
Information	10	5.2%	8.06%	323	1.4%
Transportation and Warehousing	10	5.2%	40.00%	503	2.2%
Finance and Insurance	6	3.1%	5.26%	43	0.2%
Other Services (except Public Administration)	4	2.1%	40.00%	932	4.1%
Health Care and Social Assistance	3	1.6%	33.33%	20	0.1%
Retail Trade	3	1.6%	18.75%	38	0.2%
Educational Services	2	1.0%	66.67%	204	0.9%
Management of Companies and Enterprises	2	1.0%	33.33%	382	1.7%
Utilities	2	1.0%	50.00%	46	0.2%
Agriculture, Forestry, Fishing and Hunting	1	0.5%	50.00%	61	0.3%
Real Estate Rental and Leasing	1	0.5%	25.00%	1	0.0%
Total	193	100.0%	14.5%	22,711	100.0%

*This percentage represents the denial rate of total petitions denied by industry.

**This percentage represents the denial rate of the total number of petitions filed by industry.

Section 3: Delivery of Benefits and Services

In FY 2012, the Department continued to work to ensure that trade-affected workers covered under the 2002 Program, 2009 Program, or 2011 Program received the applicable benefits and services available to them. States are responsible for directly administering those benefits and services. The Department's Regional Trade Coordinators and other staff in the six Departmental regions provide oversight and monitoring for the state delivery of TAA benefits and services. Overall direction and guidance for the consistent and timely delivery of these benefits and services nationwide is provided to the Regions and the states by the Department through the OTAA in Washington, D.C.

Under the TAAEA, the annual national cap on funds for states to administer and provide training, case management and employment services, and job search and relocation allowances is \$575 million for each of FY 2012 and FY 2013, and is a pro-rated portion of this amount for the first quarter of FY 2014. The Department issued guidance relating to funding and other topics to states in the form of Training and Employment Guidance Letters (TEGLs) and a Training and Employment Notice (TEN). Specific topics include: operating instructions for implementing the 2011 Program; funding allocations to states for the TAA program operations; performance reporting and data validation deadlines; and instructions for filing electronic petitions.

Table 6 provides issue dates, names and links to these documents.

Table 6: FY 2012 Guidance Documents Issued

Issue Date	TEGL
October 19, 2011	TEGL 8-11: Availability of Equitable Tolling of Deadlines for Workers Covered Under Trade Adjustment Assistance (TAA) Certifications or http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3089
November 18, 2011	TEGL 10-11: Operating Instructions for Implementing the Amendments to the Trade Act of 1974 Enacted by the Trade Adjustment Assistance Extension Act of 2011 (TAAEA) or http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=9853.
January 17, 2012	TEGL 13-11: Fiscal Year (FY) 2012 State Initial Allocations and the Process for Requesting Trade Adjustment Assistance (TAA) Program Reserve Funds or http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=4254.
January 20, 2012	TEGL 14-11: Revised Petition Forms to File for Trade Adjustment Assistance or http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=4254.
April 19, 2012	TEN 40-11: Electronic Filing of Petitions for Trade Adjustment Assistance or http://wdr.doleta.gov/directives/corr_doc.cfm?docn=5943
May 9, 2012	TEGL 28-11: Program Year 2011/Fiscal Year 2012 Performance Reporting and Data Validation Timelines http://wdr.doleta.gov/directives/attach/TEGL/TEGL_28-11-Acc.pdf
July 12, 2012	TEGL 1-12: Fiscal Year (FY) 2012 Second Distribution of Trade Adjustment Assistance (TAA) Program Funding to States and the Process for Requesting TAA Program Reserve Funds or http://wdr.doleta.gov/directives/corr_doc.cfm?docn=9431
August 16, 2012	TEGL 10-11 Change 1: Change 1 to the Operating Instructions for Implementing the Amendments to the Trade Act of 1974 Enacted by the Trade Adjustment Assistance Extension Act of 2011 (TAAEA) or http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=9847

TAA Program Funds

In FY 2012, the Department distributed funds to states for training, employment and case management services, job search allowances, relocation allowances, and administration of these benefits in accordance with regulations issued in April 2010 and codified at 20 CFR Part 618, subpart I. The Department also provided supplemental funds as needed in response to Reserve Fund requests by states, in accordance with 20 CFR 618.920.

The distributions of these FY 2012 TAA funds are summarized as follows:

- *Distribution of Initial Allocation funds to the states on January 17, 2012, in the amount of \$373.75 million.* The Trade Act required an Initial Distribution of funds equal to 65 percent of the funds available to carry out sections 235 through 238 of the Trade Act, which includes the benefits and services mentioned above, for the fiscal year. The allocation for this distribution was made in accordance with 20 CFR 618.910, which codified the statutory formula distribution factors and “hold harmless” provision, and established a minimum allocation provision, as explained in TEGL 13-11, *Fiscal Year (FY) 2012 State Initial Allocations and the Process for Requesting Trade Adjustment Assistance (TAA) Program Reserve Funds*, as referenced above in Table 6.
- *Second Distribution of funds to the states on July 15, 2012, in the amount of \$140.67 million.* The Second Distribution of funds was made about six months after the Distribution of the initial allocation. Only states that received funds from that Distribution received funds in the Second Distribution. After this Second Distribution, about 10 percent of the total FY 2012 funds remained to be allocated and distributed in a Final Distribution or through a reserve fund request, or both, before the end of the fiscal year. TEGL No. 1-12, *Fiscal Year 2012 Second Distribution of TAA Funding to States and the Process of Requesting TAA Program Funds* explained the FY 2012 Second Distribution and the process for the final distribution of FY2012 funds. To determine each state’s allocation for the Second Distribution, the formula was again applied and reflected the most recent four quarters of workload data.
- *Distribution of \$6.54 million in response to Reserve Fund requests following the Second Distribution.* The state of Hawaii did not receive the initial allocation (and therefore did not receive funds from the Distribution of the Initial Allocation or the Second Distribution), but received a reserve fund distribution in response to a request made following the Second Distribution. Connecticut, Minnesota and New Mexico also received reserve fund distributions after the Second Distribution to provide benefits and services to trade-affected workers.
- *Final Distribution of funds to states on September 30, 2012, in the amount of \$54.03 million.* That amount reflected the remaining 10 percent of the FY 2012 appropriation, minus the dollar amount of reserve funds the Department distributed after the Second Distribution and was allocated to states by applying the formula described in 20 CFR 618.910. As described for the

Second Distribution, the Final Distribution was distributed to only those states that received an Initial Allocation.

Table 7: FY 2012 TAA Funds Distributions to States

Note: These funds are subject to a \$575 million annual cap and are used to provide training, job search allowances, relocation allowances, employment and case management services, and associated administrative costs to provide these benefits and services, to trade affected workers. Also note, in accordance with 20CFR 618.90(d), if a state's adjusted Initial Allocation was less than \$100,000, the state received no distribution Initial Allocation funds.

State	Initial Allocation	Reserve Requests	Second Distribution	Final Distribution	Total Program Funds Distributed
AL	\$8,844,792	\$0	\$3,753,312	\$1,640,237	\$14,238,341
AK	\$101,445	\$0	\$0	\$19,097	\$120,542
AZ	\$2,572,139	\$0	\$987,559	\$348,445	\$3,908,143
AR	\$7,071,552	\$0	\$3,479,185	\$1,505,448	\$12,056,185
CA	\$11,204,133	\$0	\$4,916,093	\$1,902,165	\$18,022,391
CO	\$2,514,635	\$0	\$1,382,142	\$497,967	\$4,394,744
CT	\$5,199,081	\$1,583,010	\$2,239,613	\$836,698	\$9,858,402
DE	\$217,648	\$0	\$130,680	\$49,047	\$397,375
DC	\$0	\$0	\$0	\$0	\$0
FL	\$2,370,835	\$0	\$2,161,899	\$853,626	\$5,386,360
GA	\$7,458,240	\$0	\$3,093,558	\$1,131,378	\$11,683,176
HI	\$0	\$135,954	\$0	\$0	\$135,954
ID	\$3,001,046	\$0	\$873,167	\$264,141	\$4,138,354
IL	\$12,026,074	\$0	\$4,033,853	\$1,633,032	\$17,692,959
IN	\$14,204,524	\$0	\$4,290,455	\$1,367,504	\$19,862,483
IA	\$7,625,926	\$0	\$3,207,856	\$1,179,828	\$12,013,610
KS	\$5,212,072	\$0	\$483,087	\$220,086	\$5,915,245
KY	\$11,197,439	\$0	\$3,979,296	\$1,449,580	\$16,626,315
LA	\$1,518,317	\$0	\$518,167	\$203,057	\$2,239,541
ME	\$4,592,919	\$0	\$1,501,886	\$597,145	\$6,691,950
MD	\$2,194,202	\$0	\$433,027	\$311,273	\$2,938,502
MA	\$6,765,400	\$0	\$2,698,091	\$1,083,096	\$10,546,587
MI	\$43,726,741	\$0	\$14,807,652	\$5,833,679	\$64,368,072
MN	\$8,757,042	\$2,940,999	\$3,859,296	\$1,325,991	\$16,883,328
MS	\$1,214,559	\$0	\$433,376	\$144,988	\$1,792,923
MO	\$8,391,024	\$0	\$2,650,020	\$945,437	\$11,986,481
MT	\$2,743,884	\$0	\$889,338	\$305,636	\$3,938,858

State	Initial Allocation	Reserve Requests	Second Distribution	Final Distribution	Total Program Funds Distributed
NE	\$1,580,834	\$0	\$340,639	\$142,196	\$2,063,669
NH	\$1,216,658	\$0	\$572,399	\$204,313	\$1,993,370
NV	\$463,866	\$0	\$301,089	\$108,151	\$873,106
NJ	\$3,762,883	\$0	\$1,463,938	\$590,698	\$5,817,519
NM	\$2,262,461	\$1,882,250	\$754,898	\$313,609	\$5,213,218
NY	\$15,921,891	\$0	\$4,201,947	\$1,680,736	\$21,804,574
NC	\$24,732,486	\$0	\$7,523,026	\$2,934,208	\$35,189,720
ND	\$416,958	\$0	\$150,009	\$53,055	\$620,022
OH	\$21,523,700	\$0	\$10,024,228	\$3,963,321	\$35,511,249
OK	\$1,762,644	\$0	\$896,459	\$360,224	\$3,019,327
OR	\$11,385,137	\$0	\$4,486,534	\$1,680,317	\$17,551,988
PA	\$22,257,501	\$0	\$8,932,404	\$3,467,212	\$34,657,117
PR	\$280,869	\$0	\$243,592	\$102,614	\$627,075
RI	\$2,054,526	\$0	\$913,669	\$350,475	\$3,318,670
SC	\$9,627,826	\$0	\$3,437,729	\$1,306,754	\$14,372,309
SD	\$1,037,123	\$0	\$239,553	\$76,249	\$1,352,925
TN	\$12,684,703	\$0	\$4,634,905	\$1,743,110	\$19,062,718
TX	\$15,962,669	\$0	\$6,380,851	\$2,184,807	\$24,528,327
UT	\$2,390,736	\$0	\$903,131	\$372,693	\$3,666,560
VT	\$456,772	\$0	\$148,603	\$55,957	\$661,332
VA	\$8,213,940	\$0	\$3,273,429	\$1,251,665	\$12,739,034
WA	\$9,260,370	\$0	\$5,041,078	\$1,885,470	\$16,186,918
WV	\$4,448,472	\$0	\$1,696,770	\$627,181	\$6,772,423
WI	\$19,319,306	\$0	\$7,310,558	\$2,930,145	\$29,560,009
WY	\$0	\$0	\$0	\$0	\$0
TOTAL	\$373,750,000	\$6,542,213	\$140,674,046	\$54,033,741	\$575,000,000

TAAEA Funding Changes

The TAAEA provided the following important changes to TAA funding:

- Set a national consolidated annual funding cap for benefits and services (other than TRA, ATAA and RTAA described below) and associated administration of \$575 million for each of FY 2012 and FY 2013, and a pro-rated portion of this amount for the first quarter of FY 2014.

- Consolidated funding for training, case management and employment services, job search allowances, relocation allowances, and state administration of these benefits and services means that states need to use the available funds to provide the mix of services and benefits for trade-affected workers in their respective states that will help to achieve the best outcomes.
- Set state spending limits for state administration and employment and case management services providing that:
 - Not more than 10 percent of a state's total allocation may be used for administration, and at least 5 percent must be used to provide employment and case management services. Therefore, a state may use more than five percent of its allocation to provide employment and case management services if it determines that a higher percentage of funds are needed to provide them.
- Provided that job search allowances and relocation allowances are no longer entitlements for workers who meet the eligibility requirements. States no longer receive separate funds to administer and pay for these allowances; rather, states now have discretion to decide whether to offer these benefits for workers served under the 2011 Program and pay for them out of the FY 2012 fund allocation.

The TAA Program also provides funds to states for income support, including trade readjustment allowances (TRA), and wage supplements in the form of Alternative Trade Adjustment Assistance (ATAA) under the 2002 Program and reemployment trade adjustment assistance for older workers (RTAA) under the 2009 Program and the 2011 Program. These benefits are not subject to the cap. Discretionary funds to cover the administrative cost of providing income support and wage supplements are provided to the states from the State Unemployment Insurance and Employment Security Operations (SUIESO) account through the Unemployment Insurance Program Annual Funding Agreement with each state.

In FY 2012, the Department distributed a total of \$854.72 million for state operation of the TAA program, which consisted of appropriations of: \$575 million for the services and benefits and associated administration subject to the cap; \$239.12 million for TRA; and \$40.6 million for ATAA/RTAA. Table 8 provides the dollar amounts each state received for the provision of TAA benefits and services to trade-affected workers.

Table 8: FY 2012 Total State TAA Funds

Note: The term “Program” in this table refers to the funds (subject to the cap) to provide training, job search allowances, relocation allowances, employment and case management services and associated administrative costs to provide these services to trade-affected workers.

State	Program	TRA	ATAA/RTAA	Total TAA
AL	\$14,236,989	\$3,150,000	\$1,740,000	\$19,126,989
AK	\$171,201	\$0	\$0	\$171,201
AZ	\$3,907,788	\$170,000	\$625,000	\$4,702,788
AR	\$12,054,932	\$5,325,000	\$305,000	\$17,684,932
CA	\$18,020,621	\$2,925,000	\$1,590,000	\$22,535,621
CO	\$4,394,246	\$2,200,000	\$345,000	\$6,939,246
CT	\$9,857,596	\$4,870,000	\$321,000	\$15,048,596
DE	\$397,328	\$30,000	\$735,000	\$1,162,328
DC	\$0	\$0	\$0	\$0
FL	\$5,385,582	\$1,025,000	\$270,000	\$6,680,582
GA	\$11,682,054	\$4,525,000	\$425,000	\$16,632,054
HI	\$135,954	\$115,000	\$20,000	\$270,954
ID	\$4,138,040	\$350,000	\$65,000	\$4,553,040
IL	\$17,691,507	\$12,550,000	\$1,365,000	\$31,606,507
IN	\$19,860,938	\$7,050,000	\$1,510,000	\$28,420,938
IA	\$12,012,455	\$6,700,000	\$970,000	\$19,682,455
KS	\$5,915,071	\$1,505,000	\$605,000	\$8,025,071
KY	\$16,624,882	\$5,670,000	\$700,000	\$22,994,882
LA	\$2,239,355	\$270,000	\$215,000	\$2,724,355
ME	\$6,691,409	\$1,950,000	\$520,000	\$9,161,409
MD	\$2,938,347	\$360,000	\$266,000	\$3,564,347
MA	\$10,545,615	\$3,055,000	\$430,000	\$14,030,615
MI	\$64,362,741	\$29,135,000	\$4,405,000	\$97,902,741
MN	\$16,881,938	\$6,100,000	\$835,000	\$23,816,938
MS	\$1,792,767	\$450,000	\$918,000	\$3,160,767
MO	\$11,985,526	\$2,000,000	\$715,000	\$14,700,526
MT	\$3,938,538	\$2,225,000	\$440,000	\$6,603,538
NE	\$2,063,546	\$705,000	\$810,000	\$3,578,546
NV	\$872,998	\$10,000	\$10,000	\$892,998
NH	\$1,993,164	\$900,000	\$255,000	\$3,148,164
NJ	\$5,816,992	\$4,200,000	\$265,000	\$10,281,992
NM	\$5,212,946	\$2,030,000	\$105,000	\$7,347,946
NY	\$21,803,061	\$3,600,000	\$1,960,000	\$27,363,061

State	Program	TRA	ATAA/RTAA	Total TAA
NC	\$35,187,011	\$20,700,000	\$925,000	\$56,812,011
ND	\$619,968	\$760,000	\$205,000	\$1,584,968
OH	\$35,507,640	\$21,700,000	\$3,020,000	\$60,227,640
OK	\$3,019,004	\$1,530,000	\$400,000	\$4,949,004
OR	\$17,550,372	\$10,600,000	\$395,000	\$28,545,372
PA	\$34,653,901	\$12,600,000	\$3,040,000	\$50,293,901
PR	\$626,987	\$10,000	\$15,000	\$651,987
RI	\$3,318,341	\$1,880,000	\$50,000	\$5,248,341
SC	\$14,371,071	\$4,240,000	\$1,035,000	\$19,646,071
SD	\$1,352,839	\$200,000	\$20,000	\$1,572,839
TN	\$19,061,049	\$3,620,000	\$1,180,000	\$23,861,049
TX	\$24,526,029	\$7,420,000	\$553,000	\$32,499,029
UT	\$3,666,235	\$2,345,000	\$145,000	\$6,156,235
VT	\$661,278	\$405,000	\$115,000	\$1,181,278
VA	\$12,737,856	\$9,475,000	\$2,110,000	\$24,322,856
WA	\$16,185,103	\$7,850,000	\$575,000	\$24,610,103
WV	\$6,771,812	\$5,015,000	\$370,000	\$12,156,812
WI	\$29,557,377	\$13,600,000	\$2,715,000	\$45,872,377
WY	\$0	\$5,000	\$2,500	\$7,500
TOTAL	\$575,000,000	\$239,105,000	\$40,610,500	\$854,715,500

Section 4: Participant Data and Outcomes

Participant Profile on New TAA Participants in FY 2012

Data described in this section tracks TAA participants who enrolled in the program in FY 2012, and contains data on those served under the 2009 Program, and 2011 Program; also, some TAA participants were served under the 2002 Program. It is important to note that these results include workers served under the 2002 Program since these workers were certified under petitions filed between Feb 15, 2011 and Oct 21, 2011 (the enactment date of the TAAEA) who enrolled and received benefits before December 31, 2012, and did not choose to move to the 2011 Program.³ Some workers were served under the 2002 Program because they were covered under petitions filed before May 18, 2009 (when the 2009 Program took effect). The significant number of new 2009 Program participants represented in FY 2012 data is due to the following factors: (1) petitions for the 2009 Program were received through February 15, 2011; (2) a worker group eligibility determination is not issued until the investigation following the filing of a petition is complete, and therefore, may be issued up to six weeks after the petition filing date; and (3) the eligibility period of worker group certifications generally extends through two years from the date of the determination.

³ One-Time Choice Option is explained in Section 1, Statutory Amendments

While the demographic characteristics of TAA participants who enrolled in the program in FY 2012 are similar to those who enrolled in the program in FY 2011, except that new TAA participants in FY 2012 are slightly older, have slightly longer tenure in their prior employment, and are slightly more likely to be white males.

Table 9: FY 2011 and FY 2012 New TAA Participants Profiles*

Participants Description	FY2011 (Average)	FY 2012 (Average)
Gender	Male (55.0%)	Male (59.1%)
Race	White (64.1%)	White (67.2%)
Education	High School Diploma, GED or less (64.1%)	High School Diploma, GED or less (63.4%)
Age	46.7	48.4
Tenure of Trade-Affected Employment	13.75 years	15.40 years

** This chart reflects participants served under the 2002, 2009 and 2011 TAA Programs*

Benefits and Services Received in FY 2012

The TAA Program includes a range of benefits and services that have separate eligibility criteria. Participants may meet these criteria for one or more of the available benefits and services. Information on benefits and services received in FY 2012 reflect the mix of TAA participants served under the 2002, 2009 and 2011 Programs. Table 10 below indicates approximately 84 percent of FY 2012 participants received case management services, including employment services. Out of these participants, approximately 41 percent were enrolled in training, approximately 9 percent received TRA, and approximately 3 percent received ATAA or RTAA.

Table 10: FY 2012 TAA Participants Profile by Benefit or Service Received

Participant Benefit or Service	Number of Participants FY 2012*	Percentage of Participants FY 2012***
TAA (All)	131,011	-
Case Management	110,488	84.33%
Training	53,684	40.98%
Occupational Remedial	49,171	37.53%
Prerequisite	12,746	9.73%
Customized	1,143	0.87%
On the Job	151	0.12%
Distance Learning	647	0.49%
Part Time Training	1,182	0.90%
TRA	449	0.34%
Basic	12,110	9.24%
Additional	2,791	2.13%
Remedial	9,687	7.39%
Completion**	1,087	0.83%
Job Search Allowances	0	0.00%
Relocation Allowances	94	0.07%
ATAA/RTAA	131	0.10%
	3,914	2.99%

* This chart reflects participants served under the 2002, 2009, and 2011 Programs.

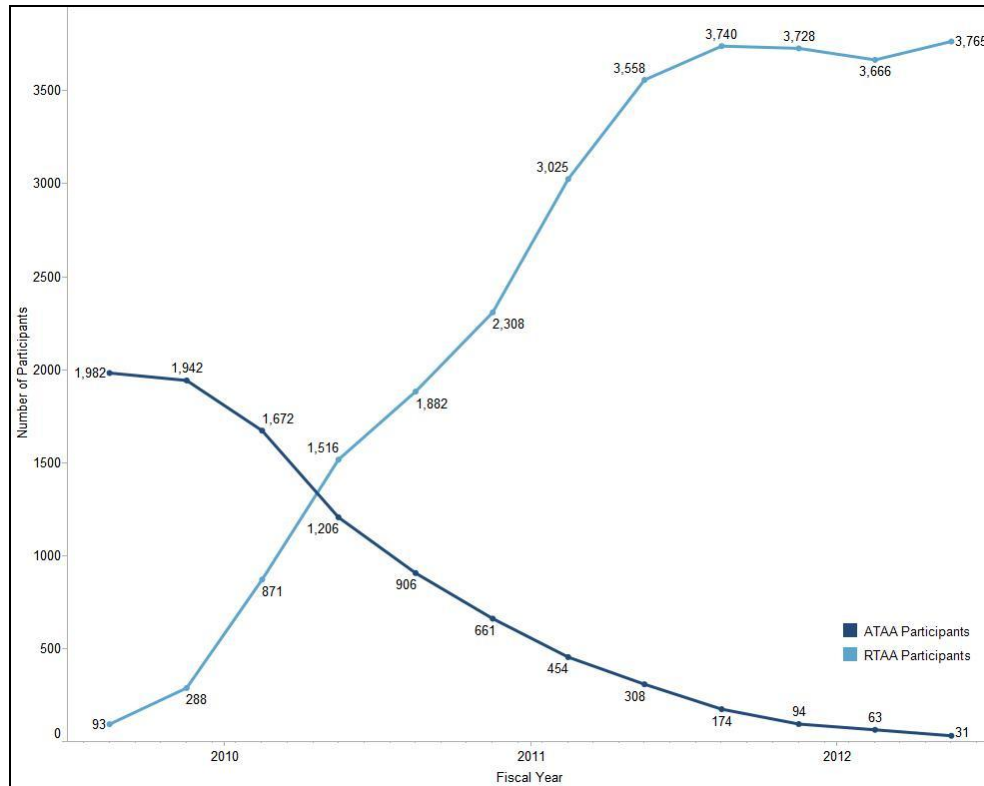
** Although Completion TRA is available under the 2011 Program, no FY 2011 participant received Completion TRA because a 2011 Program participant would have had to have exhausted all Additional TRA⁴ to be eligible to apply for that benefit and such exhaustion by the end of FY 2012 was unlikely.

*** TAA participants are counted based on the services they receive and may receive more than one of the listed benefits and services; therefore, the total number of participants in each category will not add up to the total number of TAA participants, and the percentages will not total 100.

⁴ Additional TRA is payable when a participant is enrolled in TAA-approved training and has exhausted all rights to Basic TRA. Additional TRA may be payable for up to an additional 78 weeks after the exhaustion of Basic TRA or after the period for Basic TRA eligibility during which the participant received UI, but only if she is enrolled in an approved training program.

Graph 3 below demonstrates that there has been a steady increase in the number of TAA participants receiving RTAA, which succeeded ATAA in 2009 with the enactment of the TGAAA.

Graph 3: ATAA and RTAA Participant Trends



Training Waivers Issued in FY 2012

The Trade Act authorizes the granting of waivers of the requirement that a TAA participant be enrolled in training by certain deadlines in order to receive TRA if a participant is in one or more specified categories.

Under the 2002 Program and the 2009 Program, there are six different waiver categories: (1) an enrollment date is not immediately available (enrollment unavailable); (2) no training program is available (training unavailable); (3) the worker is unable to participate in or complete training due to a health condition (health); (4) the worker has marketable skills for suitable employment (marketable skills); (5) the worker will be recalled to work reasonably soon (recall); and (6) the worker is within two years of eligibility for a pension or social security (retirement). Under the 2011 Program, only three waivers are available: enrollment unavailable, training unavailable, and health. For more information on the different training waivers and applicable deadlines for obtaining the waivers under all three TAA Programs, please see Attachment A.

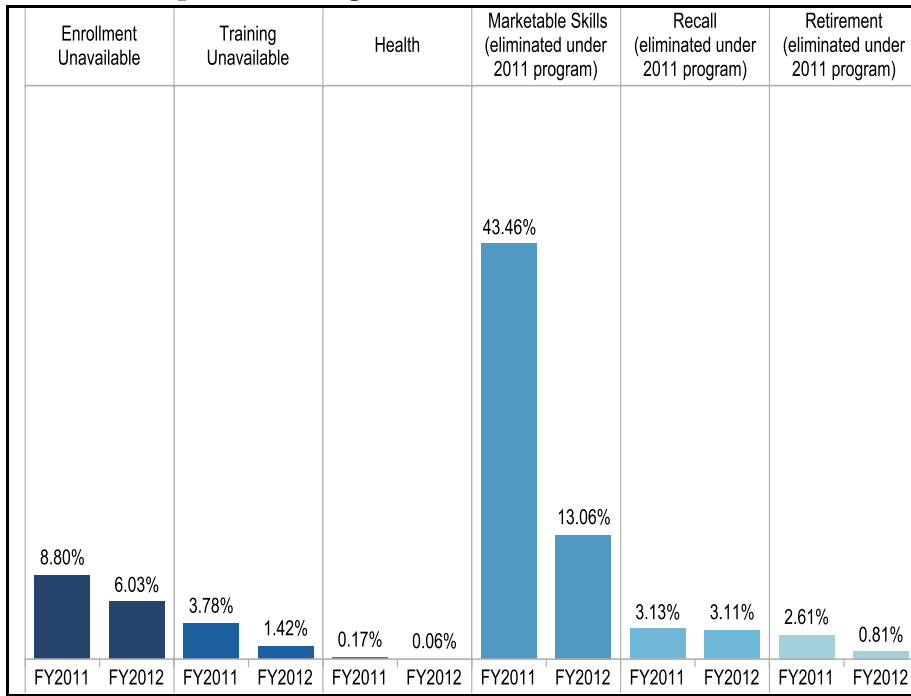
Table 11: Waivers Issued

Training Waiver Type	FY 2009	FY 2010	FY 2011	FY 2012
Recall	777	2,378	2,619	1,636
Marketable Skills	66,493	71,770	36,341	6,866
Retirement	3,272	3,602	2,182	427
Health	242	188	142	29
Enrollment Unavailable	15,635	7,198	7,363	3,172
Training Unavailable	7,770	4,828	3,157	747
Waivers Issued (Total)	94,189	89,964	51,804	12,877

Overall, since FY 2009, the total number of waivers issued by states continues to decline; however, due to the elimination of the marketable skills, recall, and retirement waivers for 2011 Program participants, and the refocus of the TAA Program on training, there was a substantial reduction in each type of waiver issued in FY 2012 compared to prior years. The total number of training waivers issued in FY 2012 compared to those issued in FY 2011 decreased by over 300 percent. This percentage decrease, along with the continuing decline in the number of days between the first TAA service and entry into training illustrated in Graph 6, suggests that that the reduction in the number of waivers may have contributed to earlier enrollment in training. Graph 4 below compares the percentage of each type of waiver issued in FY 2011 and FY 2012.

Note: In FY 2012, all six types of waivers listed in Table 11 and Graph 4 were available to TAA participants in the 2002 Program and the 2009 Program, who generally were covered under certifications of petitions filed before the enactment of the TAAEA.

Graph 4: Training Waiver Trends FY 2011 – FY 2012

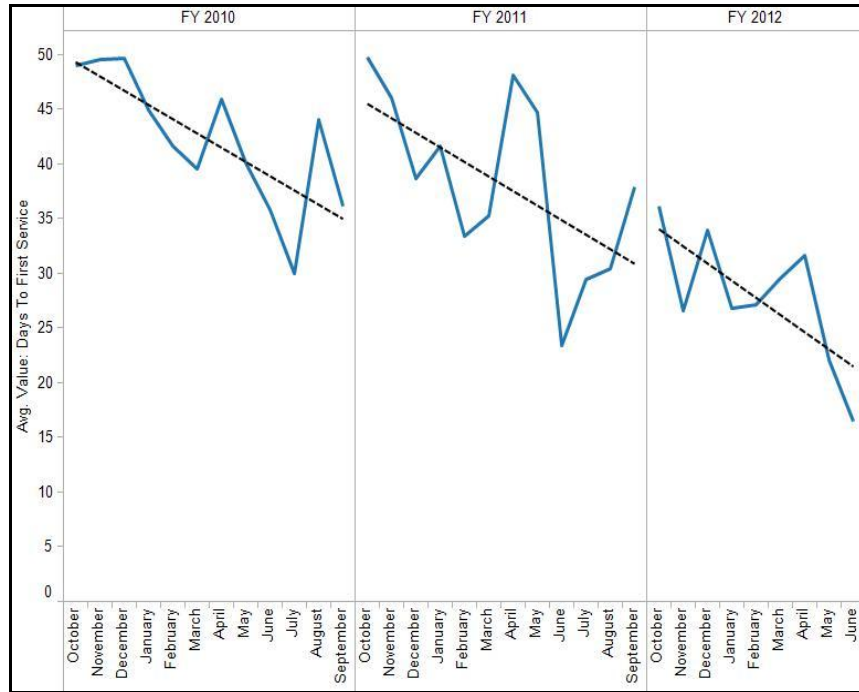


Benefit and Service Information Collected at Program Exit

The data in this section reflects information on those workers who exited the program between July 1, 2011 and June 30, 2012, and reflect participant activities of workers covered predominantly under the 2002 and 2009 Programs (41 percent and 57 percent, respectively). When compared to FY 2011, the number of exiters who received training at some point during participation in FY 2012 increased from approximately one-half to two-thirds. The training completion rate has also increased; in FY 2011, 70 percent of TAA training participants completed their training and 30 percent did not complete training, while in FY 2012, approximately 73 percent of TAA training participants completed training, and 27 percent did not complete training.

During FY 2012, for TAA training participants, the average period of time between the date of application for TAA at the state level and receipt of the first TAA benefit or service, continued to drop dramatically as it did in FY 2010 and FY 2011 (see Graph 5). Further, as shown in Graph 6, the average period of time between the initial assessment and actual training enrollment also continued to decline. The downward trend in both of these graphs indicate trade-affected workers are receiving TAA training, benefits and services more quickly than they did in prior to FY 2010.

Graph 5: FY 2010 - FY 2012 Avg. Duration from TAA Application to First TAA Service (days)



Graph 6: FY 2010 - FY 2012 Average Duration from First TAA Service to the Date Participant Entered Training (days)

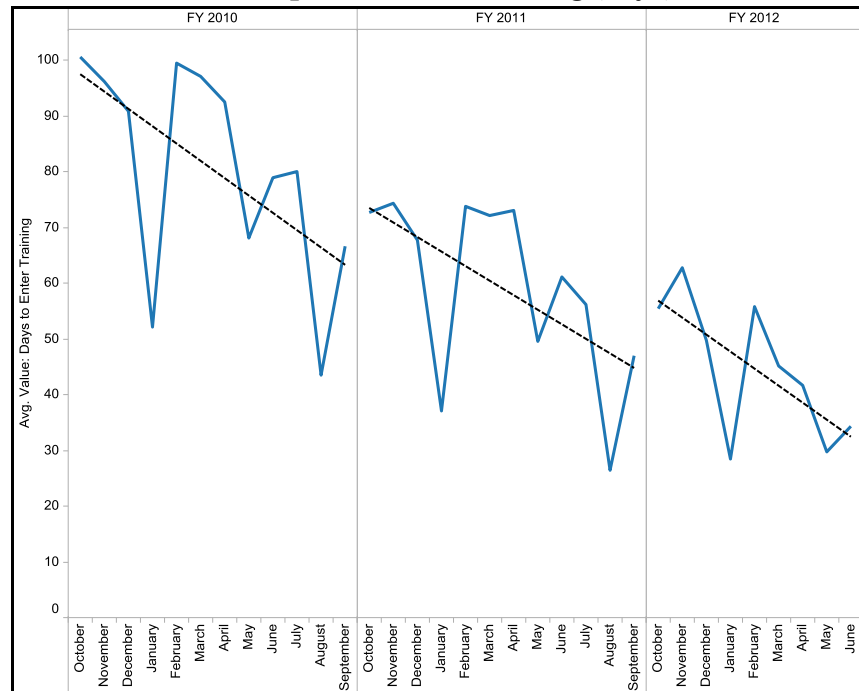


Table 12 indicates, of those workers who completed training during FY 2012, approximately 67 percent received a credential.

Table 12 - FY 2012 Credential Attainment of TAA Participants

Measure	Total
Completed Training (Exiters)	25,919
Credentials (Exiters)	17,262
Rate of Credentialing	66.6%

Table 13 identifies the average duration for FY 2011 and 2012 that workers participated in the TAA program, as well as the average duration of receipt of training, TRA and employment and case management services, respectively. With respect to duration of TRA, the increase in the duration from FY 2011 to FY 2012 likely reflects reduction in the number of weeks that unemployment compensation (Extended Benefits (EB) and Emergency Unemployment Compensation (EUC)) was available during that period. Specifically, under the Trade Act a participant must generally exhaust entitlement to any unemployment compensation before receiving TRA, and the amount of such UC reduces the weeks of TRA for which a participant may be eligible. There was a reduction in the availability of EB (which provided 20 weeks of additional benefits) since more than 30 States triggered off the program during FY 2012 due to changes in rates of unemployment, and there were also reductions in the number of weeks available to workers under the Emergency Unemployment Compensation (EUC) program. Therefore, workers in some States exhausted or were not eligible for EB and EUC and became eligible for TRA at an earlier point in their period of unemployment than had previously been the case.

Weeks of EUC reduced the number of weeks of TRA collected by TAA participants in FY 2011 and FY 2012.

Table 13 - FY 2011 and FY 2012 Average Duration of TAA Benefits and Services

Benefit or Service	FY 2011 Average Duration (Days)	FY 2012 Average Duration (Days)
TAA Participation (All services)	565	560
TAA Training (Completed)	427	509
TRA	121	161
Employment and Case Management	343	450

Performance Outcomes

Performance outcomes are based on data reported in FY 2012 for workers who exited the program during various calendar quarters (as defined below in Common Measures text and specified in Table 14) before FY 2012. The data reported in this section relates almost exclusively to TAA participants served under the 2002 Program and the 2009 Program. This is

because there has not been sufficient time since the implementation of the 2011 Program for new TAA participants to exit the program after having applied for and received benefits and services, and have their outcomes reported.

The TAPR form was designed to allow for the collection of two sets of performance measures on employment outcomes, each of which contain the same three indicators of performance. Those indicators are: (1) Entered Employment Rate (EER), which tracks the percentage of those who obtained employment in a report quarter shortly after program exit; (2) Employment Retention Rate (ERR), which tracks whether those same employed individuals retained their job for an additional two quarters, and; (3) Six-Months Average Earnings (AE), which represents total six-month earnings in the second and third quarters after the exit quarter.

As mentioned above, DOL uses two sets of separate and distinct performance measures: (1) the statute requires Trade Act Measures, and (2) analysis of DOL cross-program comparisons requires the use of Common Measures. The difference between the two sets of measures relates to the quarters in which the performance is tracked. The first, known as Trade Act Measures, corresponds to core indicators mandated by the TGAAA and TAAEA, and tracks the measures based on the second, third and fourth quarters after exit. The second set of measures, known as Common Measures, is a consistent set of measures used to assess performance across all ETA workforce programs, and tracks the measures described above based on the first, second, and third quarter after a participant exits a program. It is important to note that, for both sets of measures, only those participants who have entered employment in the first quarter after exiting the TAA program are considered when calculating the ERR and the AE.

In this report, Common Measures outcomes provide results presented in Table 14 for participants who exited the 2002 Program and the 2009 Program between January 1, 2011 and December 31, 2011 for EER and July 1, 2010 and June 30, 2011 for ERR and AE. Trade Act Measures results for participants who exited the 2002 Program and 2009 Program between October 1, 2010 and September 30, 2011 for EER, and April 1, 2010 and March 31, 2011 for ERR and AE. Performance Goals relate to objectives set for the TAA Program by the Department consistent with the Agency's FY 2012 Operating Plan targets.

Table 14 - Departmental Performance Goals Compared to FY 2012 TAA Program Results for Common Measures and Trade Act Measures

Note: Performance Results Reported in FY 2012 are for TAA Program Exiters

Measure	Performance Goals	Common Measures Performance Results	Trade Act Measures Performance Results
Entered Employment Rate	58.0%	68.8%	69.9%
Employment Retention Rate	83.2%	91.0%	89.8%
Average Earnings (6 months)	\$13,248	\$18,966	\$19,188

Graph 7 below compares the EER in FY 2012 based on; (1) an average of all TAA participants; (2) TAA participants who received a waiver from training (therefore, not receiving training); (3) TAA participants who received training, and; (4) TAA participants who received a credential after training. The data shows a statistically significant improvement for those with training (74 percent), compared to all participants (69 percent) and a further improvement for those who reported attaining an industry-recognized credential from training (79 percent). In contrast, those who received a waiver from training and no training performed significantly worse (61 percent).

Graph 7: FY 2012 Common Measures EER Performance Measures By Type

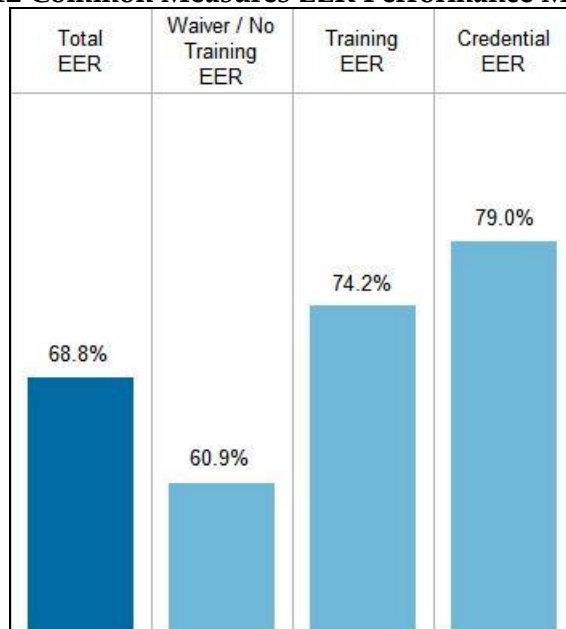


Table 15 provides, for each of the top five industry sectors in which TAA workers were reemployed, the total numbers and percentages of workers who entered employment in those sectors in the second quarter after program exit.

Table 15 - Top Five Industry Sectors of Reemployment

Industry Sector of Reemployment*	Total Count (Percentage of Total)*
Manufacturing	23,621 (25.2%)
Administrative and Support and Waste Management and Remediation Services	9,218 (9.8%)
Health Care and Social Assistance	7,422 (7.9%)
Retail Trade	4,403 (4.7%)
Professional, Scientific, and Technical Services	2,757 (2.9%)

**Note: Industry sector classifications are based on NAICS data.*

Conclusions/Recommendations

Under current law, the expiration of the 2011 Program would occur on December 31, 2013, and the TAA program will then revert to another version of the 2002 Program. As this report indicates half of all certifications for TAA benefits and services due to the effects of foreign trade involved service sector workers who are not engaged in the production of an article. Because the TAAEA broadened eligibility criteria to include service sector workers in the 2011 Program, nearly 24,000 workers were covered by certifications issued in FY 2012 who would not have been eligible to apply for TAA Program benefits and services if the TAAEA had not been enacted and the provisions of the 2002 Program continued to apply after the expiration of the 2009 Program. Under the “snapback” or reversion provision, service sector workers will not be eligible for the TAA Program in calendar year 2014.

The 2011 Program in operation in FY 2012 placed emphasis on training leading to the attainment of an industry-recognized credential. As explained in this report, only three waivers of the enrollment in training deadline were available to 2011 Program participants. RTAA for older workers under the 2009 Program and 2011 Program also expires under the “snapback” provision, which would restore for calendar year 2014 the ATAA program for older workers that was authorized under the 2002 Program. Under ATAA, group eligibility requirements would have to be satisfied and older workers would again be required to find reemployment within 26 weeks of separation to be eligible for the income supplements, which would only be available to workers over age 50 that accepted lower paying jobs and chose not to enroll in training. RTAA allows workers who are certified under any petitions and who meet the RTAA eligibility requirements to participate in the RTAA program, does not impose a 26-week deadline for finding reemployment and allows workers receiving RTAA to participate in training. Another significant feature of the 2009 Program and the 2011 Program is TAA-funded employment and case management services, which nearly 85 percent of TAA participants received in FY 2012. Under the “snapback” provision, those services must not be paid for with TAA funds and only may be available to TAA participants as an option offered by other programs.

Finally, it should be noted that state administration of the TAA program is very challenging as states serve different cohorts of workers under several sets of statutory requirements offering varying levels of benefits and services – including the 2002 Program, the 2009 Program, and the 2011 Program-- depending on the date a worker’s petition was filed. Under the snapback provision of the TAAEA, states will need to apply a fourth set of statutory requirements with the restrictive enrollment in training deadlines and more limited benefits and services of the 2002 Program, and the more limiting bases for waiving those deadlines of the 2011 Program.

Attachments

Attachment A:

- Side-by-Side Comparison of TAA Program Benefits under the 2002 Amendments, 2009 Amendments, and 2011 Amendments

Attachment B:

- OTAA Process Map - Steps from Receipt of Petition to Issuing a Determination

Attachment C:

- List of FY 2012 TAA Certifications by State

Attachment D:

- U.S. Map Graphical Depiction of FY 2012 Estimated New TAA Certified Workers by State

Attachment E:

- List of FY 2012 TAA Certifications by Congressional District

Attachment F:

- North American Industry Classification System (NAICS) Descriptions



Attachment A - 2002, 2009, and 2011 Programs



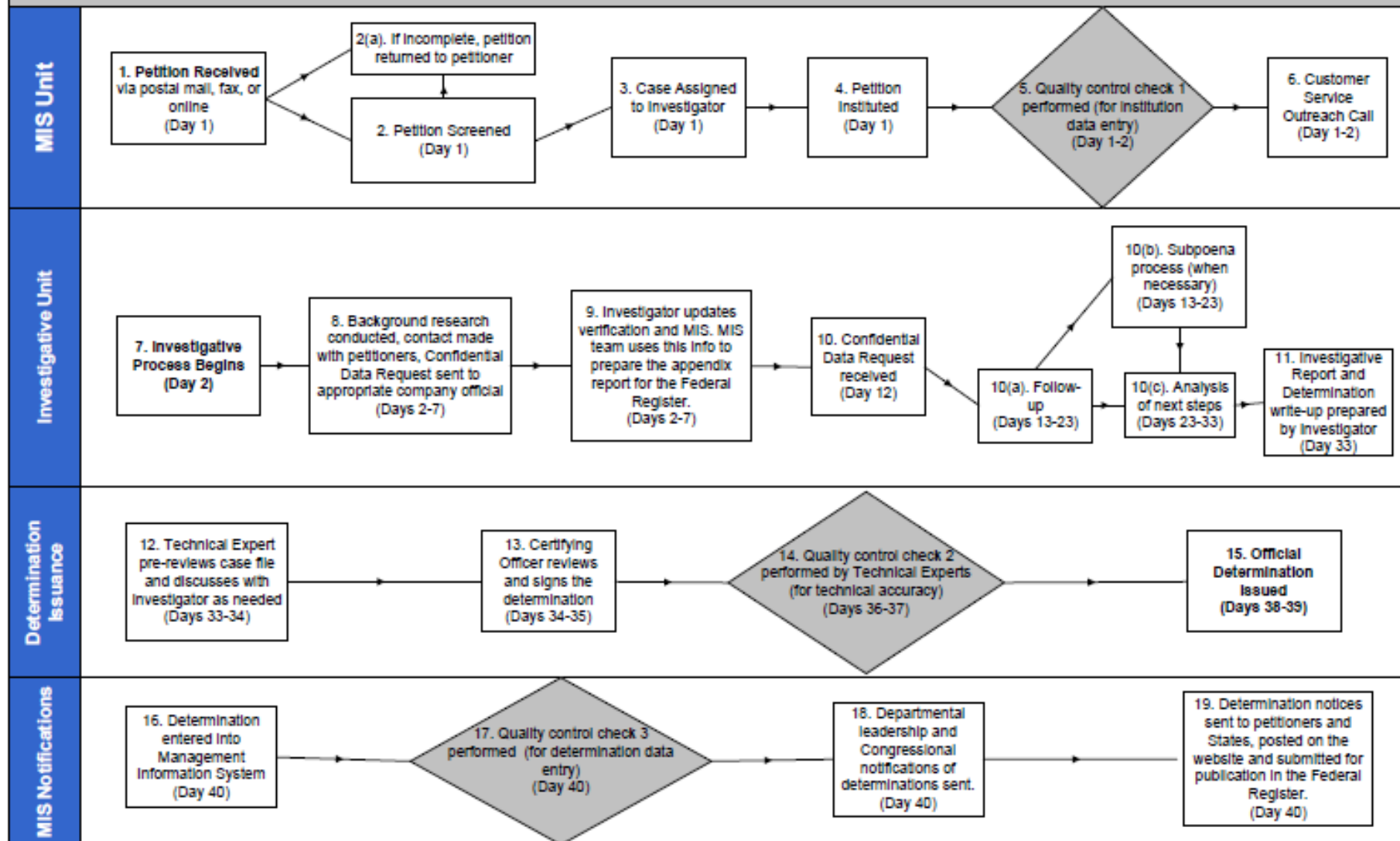
	2002 TAA Program	2009 TAA Program	2011 TAA Program
<p>Group Eligibility: Defines the worker group that is eligible to apply for and potentially receive benefits through the TAA program</p>	<p style="text-align: center;">Manufacturing sector workers ONLY</p> <p style="text-align: center;">-----</p> <p>Workers who have lost their jobs because their company's decline in production and/or sales was due to increased imports or the outsourcing of jobs to a country with which the US has a Free Trade Agreement</p>	<p style="text-align: center;">Manufacturing sector workers</p> <p style="text-align: center;">Service sector workers Public</p> <p style="text-align: center;">sector workers</p> <p>ITC workers (those who work for a firm that has been identified by the International Trade Commission as a domestic industry that has been injured/is a party to a market disruption)</p> <p style="text-align: center;">-----</p> <p>Workers who have lost their jobs because their company's decline in production and/or sales was due to increased imports or outsourcing to ANY country</p>	<p style="text-align: center;">Manufacturing sector workers</p> <p style="text-align: center;">Service sector workers</p> <p>ITC workers (those who work for a firm that has been identified by the International Trade Commission as a domestic industry that has been injured/is a party to a market disruption)</p> <p style="text-align: center;">-----</p> <p>Workers who have lost their jobs because their company's decline in production and/or sales was due to increased imports or outsourcing to ANY country</p>
<p>Trade Readjustment Allowances (TRA): Income support available in the form of weekly cash payments to workers who are enrolled in a full-time training course.</p>	<p>Up to 104 weeks of TRA available to workers enrolled in full-time training.</p> <p style="text-align: center;">OR</p> <p>Up to 130 weeks of TRA available to workers enrolled in remedial training.</p> <p>Must enroll in training by within 8 weeks of certification or 16 weeks of layoff</p>	<p>Up to 130 weeks of TRA available to workers enrolled in full-time training.</p> <p style="text-align: center;">OR</p> <p>Up to 156 weeks of TRA available to workers enrolled in remedial or prerequisite training.</p> <p>Must enroll within 26 weeks of either certification or layoff</p>	<p>Up to 130 weeks of TRA available to workers enrolled in full-time training, the last 13 of which are only available if needed for completion of a training program and training benchmarks are met.</p> <p>Must enroll within 26 weeks of either certification or layoff</p>
<p>Training Waivers Basic TRA is payable if an individual participates in TAA training OR is under a waiver of the requirement to participate in training. Training may be determined not feasible or appropriate and waived as a requirement for basic TRA eligibility for the following reasons:</p>	<ol style="list-style-type: none"> 1. The worker will be recalled to work reasonably soon 2. The worker has marketable skills for suitable employment and a reasonable expectation of employment in the foreseeable future 3. The worker is within two years of eligibility for a pension or social security 4. The worker is unable to participate in or complete training due to a health condition 5. No training program is available 6. An enrollment date is not immediately available 	<ol style="list-style-type: none"> 1. The worker will be recalled to work reasonably soon 2. The worker has marketable skills for suitable employment and a reasonable expectation of employment in the foreseeable future 3. The worker is within two years of eligibility for a pension or social security 4. The worker is unable to participate in or complete training due to a health condition 5. No training program is available 6. An enrollment date is not immediately available 	<ol style="list-style-type: none"> 1. The worker is unable to participate in or complete training due to a health condition 2. No training program is available 3. An enrollment date is not immediately available

	2002 TAA Program	2009 TAA Program	TAA Extension Act of 2011
<p>Training Funding: Annual funding cap for training funding that goes to the states each year.</p> <p>Case Management Funding: Funds that are provided to states for case management and employment services.</p>	<p>\$220 Million Cap Applies to Training Funds Only</p> <p>-----</p> <p>An additional 15% above the amount provided for training is available for Administration. Additional funds are available for Job search and Relocation Allowances. No funds are available for Case Management and Employment Services.</p>	<p>\$575 Million Cap Applies to Training Funds Only</p> <p>-----</p> <p>An additional 15% above the amount provided for training is available for Administration, and Case Management and Employment Services. At least 1/3 of these funds must be used for Case Management and Employment Services. States also receive \$350,000/year for case management and employment services. Additional funds are available for Job Search and Relocation Allowances.</p>	<p>\$575 Million</p> <p>Cap Applies to Training, Job Search and Relocation Allowances, Case Management and Employment Services, and associated Administration.</p> <ul style="list-style-type: none"> <input type="checkbox"/> No more than 10% of the amount provided may be spent for Administration; <input type="checkbox"/> No less than 5% of the amount provided may be spent for Case Management and Employment Services. <input type="checkbox"/> DOL may recapture from the states funds remaining unobligated after two or three years and distribute such funds to states in need of funds.
<p>Job Search Allowances: A cash allowance provided to workers who cannot find an available job within the commuting area (e.g. 50 miles). Used to cover transportation costs, etc.</p> <p>Relocation Allowances: A cash allowance provided to workers who have to accept a job outside of their commuting area and relocate</p>	<p>90% of allowable job search costs, up to a maximum of \$1,250</p> <p>-----</p> <p>90% of allowable relocation costs, plus an additional lump sum payment of up to \$1,250</p>	<p>100% of allowable job search costs, up to a maximum of \$1,500</p> <p>-----</p> <p>100% of allowable relocation costs, plus an additional lump sum payment of up to \$1,500</p>	<p>Up to 90% of allowable job search costs, up to a maximum of \$1,250, available at state discretion</p> <p>-----</p> <p>Up to 90% of allowable relocation costs, plus an additional lump sum payment of up to \$1,250, available at state discretion</p>
<p>Health Coverage Tax Credit: A tax credit offered to TAA participants to help pay for qualified health insurance premiums of the worker and their family</p>	<p>65% of qualifying health insurance premium costs</p>	<p>80% of qualifying health insurance premium costs</p>	<p>72.5% of qualifying health insurance premium costs</p>
<p>Alternative Trade Adjustment Assistance/Reemployment Trade Adjustment Assistance A wage subsidy provided to eligible workers over the age of 50 that subsidizes a portion of the wage difference between their new wage and their old wage (up to a specified maximum amount)</p>	<p>Alternative Trade Adjustment Assistance</p> <p>Requires a separate group certification</p> <p>Available to workers earning less than an annual salary of \$50,000</p> <p>Maximum total benefit of up to \$10,000</p> <p>Training benefit NOT available</p>	<p>Reemployment Trade Adjustment Assistance</p> <p>Does not require a separate group certification</p> <p>Available to workers earning less than an annual salary of \$55,000</p> <p>Maximum total benefit of up to \$12,000</p> <p>Training benefit is also available</p>	<p>Reemployment Trade Adjustment Assistance</p> <p>Does not require a separate group certification</p> <p>Available to workers earning less than an annual salary of \$50,000</p> <p>Maximum total benefit of up to \$10,000</p> <p>Training benefit is also available</p>

Attachment B

OTAA Process Map

OTAA Summary Process Map (Steps 1-19)



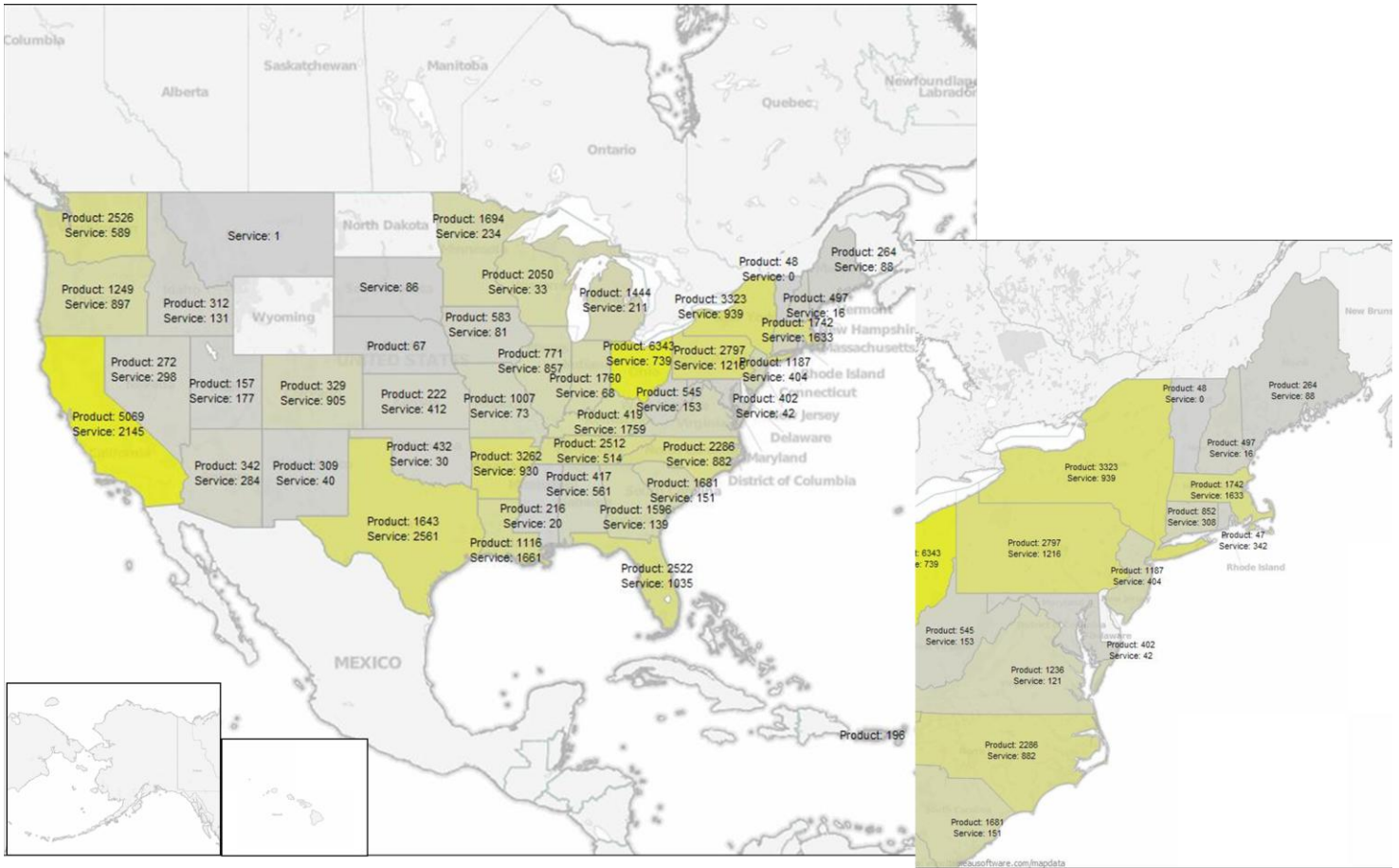
Attachment C

FY 2012 TAA Certifications by State

State	Petitions Certified	Est. Certified Workers in State	State	Petitions Certified	Est. Certified Workers in State
Alabama	8	978	Montana	1	1
Alaska	0	0	Nebraska	1	67
Arizona	8	626	Nevada	4	570
Arkansas	19	4,192	New Hampshire	8	513
California	102	7,214	New Jersey	26	1,591
Colorado	37	1,234	New Mexico	6	349
Connecticut	32	1,160	New York	64	4,262
DC	0	0	North Carolina	60	3,168
Delaware	0	0	North Dakota	0	0
Florida	40	3,557	Ohio	53	7,082
Georgia	39	1,735	Oklahoma	9	462
Hawaii	0	0	Oregon	32	2,146
Idaho	13	443	Pennsylvania	64	4,013
Illinois	36	1,628	Puerto Rico	1	196
Indiana	26	1,828	Rhode Island	5	389
Iowa	12	664	South Carolina	27	1,832
Kansas	6	634	South Dakota	2	86
Kentucky	15	2,178	Tennessee	31	3,026
Louisiana	20	2,777	Texas	59	4,204
Maine	11	352	Utah	8	334
Maryland	13	444	Vermont	2	48
Massachusetts	48	3,375	Virginia	34	1,357
Michigan	27	1,655	Washington	30	3,115
Minnesota	18	1,928	West Virginia	18	698
Mississippi	9	236	Wisconsin	30	2,083
Missouri	20	1,080	Wyoming	0	0
Total	1,134	81,510	Total	1,134	81,510

Attachment D

FY 2012 Estimated New TAA Certified Workers by State
October 1, 2011 through September 30, 2012



Attachment E

FY 2012 TAA Certifications by Congressional District

State	District	Petitions Certified	Est. Certified Workers in State	State	District	Petitions Certified	Est. Certified Workers in State
Alabama	02	1	561	California	36	3	347
	03	2	15		37	3	126
	04	4	272		38	4	115
	05	0	0		39	1	25
	06	1	130		40	2	81
	Total	8	978		41	1	19
Alaska	Total	0	0		43	2	38
Arizona	03	3	246		44	2	27
	04	2	179		45	1	335
	05	2	166		46	0	0
	08	0	0		47	0	0
	CDU	1	35		48	5	327
	Total	8	626		50	1	47
Arkansas	01	8	1,701		52	2	76
	02	1	196		53	1	29
	03	6	495		CDU	4	12
	04	4	1,800		Total	102	7,214
	Total	19	4,192		Colorado	01	9
California	01	1	3			02	5
	02	1	23	03		2	51
	03	3	158	04		4	328
	04	2	54	05		4	41
	05	3	43	06		7	208
	06	1	57	CDU		6	15
	07	3	735	Total		37	1,234
	08	3	68	Connecticut		01	8
	10	3	131		02	5	241
	11	2	9		03	9	229
	12	1	14		04	3	370
	13	4	2,018		05	7	134
	14	6	477	Total	32	1,160	
	15	5	335	DC	Total	0	0
	16	5	107	Delaware	Total	0	0
	18	3	245	Florida	01	1	159
	22	1	181		04	2	24
	23	4	285		06	1	4
	24	4	258		07	3	149
27	1	32	08		2	4	
28	1	13	09		5	311	
29	1	220	10		3	206	
30	6	87	11		6	179	
31	0	0	12		2	265	
32	2	12	14		1	1	
34	4	45	19		1	4	

State	District	Petitions Certified	Est. Certified Workers in State	State	District	Petitions Certified	Est. Certified Workers in State	
Florida	20	3	123	Indiana	04	1	187	
	21	5	1,625		05	4	255	
	23	1	492		06	1	58	
	24	1	11		07	6	92	
	CDU	3	0		08	2	219	
	Total	40	3,557		09	1	55	
Georgia	02	4	69		CDU	1	0	
	03	5	38		Total	26	1,828	
	04	1	15		Iowa	01	3	286
	05	6	32			02	1	45
	06	7	92	03		3	74	
	07	1	80	04		4	259	
	08	3	593	CDU		1	0	
	09	2	31	Total		12	664	
	10	4	364	Kansas	01	3	217	
	12	3	408		02	1	10	
	13	2	13		03	2	407	
	CDU	1	0		Total	6	634	
	Total	39	1,735	Kentucky	01	1	21	
Hawaii	Total	0	0		02	5	783	
Idaho	01	6	243		03	2	43	
	02	6	199		04	3	392	
	CDU	1	1		05	1	858	
	Total	13	443		06	3	81	
Illinois	01	1	34		Total	15	2,178	
	03	1	7	Louisiana	03	1	1	
	06	1	21		04	16	1,177	
	07	5	388		05	2	6	
	08	4	136		07	1	1,593	
	09	4	187		Total	20	2,777	
	10	5	142	Maine	01	9	145	
	11	1	39		02	2	207	
	12	1	100	Total	11	352		
	13	2	175	Maryland	01	2	41	
	14	2	132		02	3	71	
	15	1	20		03	1	100	
	17	1	69		04	2	74	
	18	2	12		05	1	95	
	19	1	105		06	1	63	
	CDU	4	61		CDU	3	0	
	Total	36	1,628	Total	13	444		

State	District	Petitions Certified	Est. Certified Workers in State	State	District	Petitions Certified	Est. Certified Workers in State
Massachusetts	04	6	153	Missouri	08	5	693
	05	7	561		09	2	85
	06	4	81		Total	20	1,080
	07	4	1,160	Montana	01	1	1
	08	2	163		Total	1	1
	09	3	135	Nebraska	02	1	67
	10	2	29		Total	1	67
	17	1	2	Nevada	02	3	272
	CDU	3	14		03	1	298
	Total	48	3,375		Total	4	570
Michigan	01	2	56	New Hampshire	01	3	152
	02	1	3		02	5	361
	03	4	662		Total	8	513
	04	2	106	New Jersey	01	2	129
	06	5	319		02	1	59
	07	5	103		05	5	190
	08	0	0		07	3	138
	09	1	4		08	1	103
	11	1	76		09	1	129
	12	1	3		11	4	581
	13	2	299		12	4	179
	14	0	0		13	2	83
	15	2	24		CDU	3	0
	CDU	1	0		Total	26	1,591
	Total	27	1,655		New Mexico	01	4
Minnesota	01	0	0	02		2	309
	02	3	69	Total		6	349
	03	4	238	New York	02	4	256
	04	3	964		05	1	10
	05	5	163		08	1	10
	06	2	439		10	1	12
	07	1	55		12	4	93
	Total	18	1,928		14	4	76
Mississippi	01	4	102		18	1	17
	03	1	80		19	6	49
	04	2	54		20	3	928
	CDU	2	0		21	7	316
Total	9	236	22		4	74	
Missouri	01	5	17		23	5	476
	02	0	0	24	4	792	
	04	1	0	25	5	398	
	05	1	36	26	1	1	
	06	4	194	27	1	90	
	07	2	55	28	4	118	

State	District	Petitions Certified	Est. Certified Workers in State	State	District	Petitions Certified	Est. Certified Workers in State
New York	29	4	543	Oregon	02	5	440
	CDU	4	3		03	5	565
	Total	64	4,262		04	6	713
North Carolina	01	6	164		05	2	23
	02	0	0		Total	32	2,146
	03	1	3	Pennsylvania	01	0	0
	04	6	64		02	1	5
	05	6	342		03	2	51
	06	4	62		04	6	223
	07	3	213		05	10	454
	08	3	537		06	2	67
	09	1	45		07	2	456
	10	12	485		08	2	277
	11	2	92		09	4	149
	12	11	1,072		10	4	481
	13	3	89		11	4	317
	CDU	2	0		12	5	93
	Total	60	3,168		13	3	125
North Dakota	Total	0	0		14	2	264
Ohio	01	2	356		15	5	680
	02	8	1,469		16	2	40
	03	4	551		17	6	118
	04	3	1,132		18	2	107
	05	6	288		19	2	106
	06	1	77	Total	64	4,013	
	08	5	545	Puerto Rico	01	1	196
	09	0	0	Total	1	196	
	10	4	231	Rhode Island	01	3	384
	11	3	438	02	2	5	
	13	1	156	Total	5	389	
	15	3	18	South Carolina	01	4	239
	16	2	416		02	4	271
	17	8	1,363		03	4	334
	18	1	42		04	6	358
	CDU	2	0		05	5	335
	Total	53	7,082		06	3	295
	Oklahoma	01	3		28	CDU	1
02		0	0	Total	27	1,832	
03		1	20	South Dakota	01	2	86
04		1	250	Total	2	86	
05		3	163	Tennessee	01	2	59
CDU		1	1		02	4	588
Total		9	462		03	7	429
Oregon	01	14	405		04	3	130

State	District	Petitions Certified	Est. Certified Workers in State	State	District	Petitions Certified	Est. Certified Workers in State
Tennessee	05	3	73	Virginia	02	1	4
	06	5	122		03	2	193
	07	2	430		04	2	119
	08	1	166		05	5	436
	09	3	1,029		06	3	32
	CDU	1	0		07	3	33
	Total	31	3,026		09	2	299
Texas	01	1	235		10	4	173
	03	4	749		CDU	12	68
	04	1	15		Total	34	1,357
	06	3	293	Washington	01	4	178
	07	3	268		02	6	1,306
	08	1	109		03	5	406
	09	0	0		04	2	533
	10	3	11		05	4	374
	15	1	41		06	3	173
	16	5	333		07	3	77
	17	1	57		08	2	11
	18	0	0		09	1	57
	20	1	4		Total	30	3,115
	21	1	335	West Virginia	01	6	270
	22	2	150		02	10	362
	23	2	15		03	1	30
	24	6	457		05	1	36
	25	1	109		Total	18	698
	26	6	268	Wisconsin	01	1	22
	27	2	558		02	2	163
	28	1	49		03	1	58
	30	4	56		04	4	263
	31	1	20		05	4	44
	32	2	57		06	10	550
	CDU	7	15		07	5	954
	Total	59	4,204		08	3	29
	Utah	01	4		130	Total	30
02		3	132	Wyoming	Total	0	0
03		1	72	Grand Total	1,134	81,510	
Total		8	334				
Vermont	01	2	48				
	Total	2	48				

*Congressional District Unavailable (CDU) accounts for certified TAA petitions with either multiple locations or tele-workers working remotely from various locations within a particular state.

Attachment F 5

1. **The Manufacturing** sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. The assembling of component parts of manufactured products is considered manufacturing. Establishments in the Manufacturing sector are often described as plants, factories, or mills and characteristically use power-driven machines and materials-handling equipment. However, establishments that transform materials or substances into new products by hand or in the worker's home and those engaged in selling to the general public products made on the same premises from which they are sold, such as bakeries, candy stores, and custom tailors, may also be included in this sector. Manufacturing establishments may process materials or may contract with other establishments to process their materials for them. Both types of establishments are included in manufacturing.
2. **The Professional, Scientific and Technical Services** sector comprises establishments that specialize in performing professional, scientific, and technical activities for others. These activities require a high degree of expertise and training. The establishments in this sector specialize according to expertise and provide these services to clients in a variety of industries and, in some cases, to households. Activities performed include: legal advice and representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting services; research services; advertising services; photographic services; translation and interpretation services; veterinary services; and other professional, scientific, and technical services.
3. **The Information** sector comprises establishments engaged in the following processes: (a) producing and distributing information and cultural products, (b) providing the means to transmit or distribute these products as well as data or communications, and (c) processing data. The main components of this sector are the publishing industries, including software publishing, and both traditional publishing and publishing exclusively on the Internet; the motion picture and sound recording industries; the broadcasting industries, including traditional broadcasting and those broadcasting exclusively over the Internet; the telecommunications industries; the industries known as Internet service providers and Web search portals, data processing industries and the information services industries.
4. **The Finance and Insurance** sector comprises establishments primarily engaged in financial transactions (transactions involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions. Three principal types of activities are identified: 1) Raising funds by taking deposits and/or issuing securities and, in the process, incurring liabilities. Establishments engaged in this activity use raised funds to acquire financial assets by making loans and/or purchasing securities. Putting themselves at risk, they channel funds from lenders to borrowers and transform or repackage the funds with respect to maturity, scale, and risk. This activity is known as financial intermediation; 2) Pooling of risk by underwriting insurance and annuities. Establishments engaged in this activity collect fees, insurance premiums, or annuity considerations; build up reserves; invest those reserves; and make contractual payments. Fees are based on the expected incidence of the insured risk and the expected return on investment; 3) providing specialized services facilitating or supporting financial intermediation, insurance, and employee benefit programs. In addition, monetary authorities charged with monetary control are included in this sector.
5. **Administrative and Support and Waste Management and Remediation Services** sector comprises establishments performing routine support activities for the day-to-day operations of other organizations. These essential activities are often undertaken in-house by establishments in many sectors of the economy. The establishments in this sector specialize in one or more of these support activities and provide these services to clients in a variety of industries and, in some cases, to households. Activities performed include: office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services.

⁵ Source: Bureau of Labor Statistics and the North American Industry Classification System (NAICS)