

U. S. Department of Labor Employment and Training Administration Washington, D.C. 20210	CLASSIFICATION TAA/NAFTA
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DIRECTIVE : GENERAL ADMINISTRATION LETTER NO. 6-94
TO : ALL STATE EMPLOYMENT SECURITY AGENCIES
FROM : *Barbara Ann Farmer*
BARBARA ANN FARMER
Administrator
for Regional Management

SUBJECT : Transitional Adjustment Assistance Provisions
of the North American Free Trade Agreement
(NAFTA)

1. Purpose. To provide preliminary information on Title V of the North American Free Trade Agreement Implementation Act and State responsibilities for a new worker adjustment assistance program.

2. References. Title V--NAFTA Transitional Adjustment Assistance and Other Provisions of the North American Free Trade Agreement Implementation Act (Pub. L. 103-182); Chapter 2 of Title II of the Trade Act of 1974.

3. Background. The North American Free Trade Agreement Implementation Act was signed by President Clinton on December 8, 1993. Attached for your information is a copy of Title V of the Act, which establishes a new adjustment assistance program (NAFTA-TAA) targeted to workers who may be displaced because of trade with Canada or Mexico. The following information is being provided so that State agencies can take the appropriate actions to prepare for implementing the new NAFTA-TAA program which is expected to take effect on January 1, 1994.

4. Program Design. Subtitle A of Title V of the new Act, among other things, amends Chapter 2, Title II, of the Trade Act by adding a new Subchapter D -- NAFTA Transitional Adjustment Assistance Program. While many of the program provisions of NAFTA-TAA are similar to the present Trade Adjustment Assistance for Workers (TAA) Program, there are several significant differences in the way the NAFTA-TAA program operates, such as:

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-- Group of workers (including workers in any agricultural firm or subdivision), or their authorized representative, may file a petition for certification of eligibility for NAFTA-TAA services and benefits with the Governor in the State within which the firm is located.

-- Governors have a significant role in reviewing petitions and making a preliminary finding as to whether the petition meets the eligibility criteria for NAFTA-TAA. (Governors have 10 calendar days to make a preliminary finding.)

-- All petitions, whether they are determined by the Governor to meet the criteria for certification or not, are forwarded to the Labor Department's Office of Trade Adjustment Assistance (OTAA).

-- Each petition is reviewed by the OTAA against the certifying criteria and a final decision made regarding certification of the worker group. (Department has 30 calendar days to complete its review of NAFTA-TAA petitions and issue a decision to the workers.)

-- State agencies have new program responsibilities, including early enrollment of workers in training.

-- Most of the existing provisions for delivering employment services, training, job search assistance and relocation allowances to eligible workers under the regular TAA program are the same for the NAFTA-TAA program, although there are several significant differences:

-- Waivers of the training requirement are not applicable under the NAFTA-TAA program.

-- NAFTA-TAA certified workers must be enrolled in a training program to receive trade readjustment allowances (TRA).

-- Rigid time frames for workers to enroll in training to qualify for TRA. (Section 502(d)(3)(B) of the Act prescribes that a

certified worker be enrolled in training by the last day of the 16th week of such worker's initial unemployment compensation benefit period, or the last day of the 6th week after the week in which the Secretary issues a certification covering such worker, to qualify for TRA. In cases of extenuating circumstances relating to enrollment in a training program, the time may be extended for a period not to exceed 30 days.)

-- New Section 249A added to Chapter 2, Title II, of the Trade Act provides that no worker may receive assistance relating to a separation under both Subchapters A and D.

The intent of Title V of the Act is enrollment of dislocated workers in training early in their spell of unemployment. This places responsibilities on both the worker and the State agency to identify employment and training opportunities and to enroll workers in an approved training program.

Operating instructions for implementing Title V, new reporting instructions related to NAFTA-TAA activities, and information on funding for these activities will be issued soon. Because of time provisions in the Title V for enrolling in training to qualify for TRA, the required program and administrative actions will have to be accomplished quickly.

By letter from the Secretary of Labor, Governors are being furnished information on the NAFTA-TAA program. Governors are being requested to furnish the Office of Trade Adjustment Assistance (OTAA) with the name, title, and telephone and FAX numbers of the State official who will have responsibility for handling the NAFTA-TAA petitions and to whom the Department can call for advice and assistance in carrying out its responsibilities. In addition, the present State Agreement between the Secretary of Labor and the Governor for administering the TAA program is being amended to provide for the NAFTA-TAA responsibilities. The amended agreement is being sent to the Governor for signature.

5. Actions Required. State Administrators are requested to:

a. Convey the information in this directive to appropriate staff.

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b. Review existing operating procedures for the regular TAA program to determine any changes that are needed to implement the NAFTA-TAA program. You should ensure that the NAFTA-TAA program activities are coordinated with your State Dislocated Worker Unit, established under Title III of the Job Training Partnership Act. The Dislocated Worker Unit should be prepared to provide on-site rapid response assistance in the event of a NAFTA-related plant closing or substantial layoff, and to assist in planning and implementing appropriate reemployment and re-training services for the affected workers.

c. Inquire in the Governor's office to determine whether the Secretary's letter has been received and whether a State official has been designated to handle NAFTA-TAA petitions. While the Governor is being asked to furnish the name, title, and telephone and FAX numbers of the State official designated to handle NAFTA-TAA petitions to the Office of Trade Adjustment Assistance, U. S. Department of Labor, 200 Constitution Avenue, Washington, DC 20210, (telephone number is 202-219-5555; FAX number is 202-219-5753), your assistance would be appreciated in following-up to ensure that the information has been provided.

6. Inquiries. Direct questions to the appropriate Regional Office.

7. Attachment. Title V of the North American Free Trade Agreement Implementing Act