



INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA - UAW

RON GETTELFINGER, President

ELIZABETH BUNN, Secretary-Treasurer

VICE PRESIDENTS: GENERAL HOLIEFIELD • BOB KING • CAL RAPSON • JIMMY SETTLES • TERRY THURMAN



IN REPLY REFER TO

October 29, 2007

1757 N STREET, N.W.
WASHINGTON, D.C. 20036
TELEPHONE: (202) 828-8500
FAX (202) 293-3457

Dear Representative:

This week the House is expected to vote on the Trade and Globalization Assistance Act of 2007 (H.R. 3920). The UAW strongly urges you to vote for this bill and against any substitute or motion to recommit.

Trade Adjustment Assistance (TAA) was first established in 1962, in recognition of the fact that some workers would lose their jobs as a direct result of our national trade policies. The program is designed to assist these trade-dislocated workers by providing them with the opportunity to train for new careers. Although the program currently includes about 80,000 certified workers enrolled in training, there are thousands of other trade-displaced workers who deserve but have been unable to obtain training through the TAA program.

The UAW is very pleased that H.R. 3920 makes many long-sought improvements to TAA. Significantly, it initially doubles the amount of training money, from \$220 million annually to \$440 million. This change alone will make an enormous positive change by doubling the number of trade-dislocated workers who will be able to receive training for a new career. Thousands of eligible workers in Michigan, Ohio, Indiana and others states have been turned away from training each year because the program has been insufficiently funded.

The bill allows for industry-wide certification in certain instances, a change that will eliminate the delays and inconsistent results in the current firm-by-firm process. The bill also includes a number of changes that will simplify and improve the process by which eligible workers obtain training. For example, it extends the deadline for trade-impacted workers to enroll in training and it establishes detailed requirements concerning the type of employment services and case management the Department of Labor and the states must provide to TAA enrollees.

The bill also includes a number of other major improvements to TAA, including: extending TAA assistance to service workers and public employees whose jobs are adversely impacted by our national trade policies; covering all instances of offshoring, without the need to prove increased imports; eliminating the requirement that secondary worker dislocation be related to trade with Canada or Mexico; and improving outreach to trade-affected workers.

With respect to TAA health care benefits, the bill increases the premium subsidy in the Health Care Tax Credit (HCTC) from 65 to 85 percent; imposes rating requirements on health plans; and permits eligible individuals to access benefits sooner. These changes are essential to enable a greater percentage of eligible workers to continue health care coverage under TAA

The UAW is also very supportive of the provisions in H.R. 3920 to modernize the federal-state unemployment insurance (UI) system. The bill provides up to \$7 billion to be used as incentives to encourage, assist and reward states for modernizing and improving their UI programs. For example, it encourages states to utilize an "alternative base period" (ABP) that includes the most recent wages when calculating UI eligibility. This would extend UI benefits to many low-wage workers, disproportionately women and minorities, who are currently found ineligible for UI in the 32 states that do not use ABP. Several other provisions in this section of the bill encourage states to enact reforms to make the UI system more family friendly. In addition, the bill provides a total of \$100 million per year for the next five years to the states to improve the administration of their UI and employment services systems.

In addition, it is our understanding that the provisions in the Early Warning and Health Care for Workers Affected by Globalization Act (H.R. 3796), which was recently reported by the Education and Labor Committee, will be combined with H.R. 3920. The UAW strongly support these modest but needed improvements to the Worker Adjustment and Retraining notification Act (WARN), a statute that has not been amendment since it was enacted in 1988.

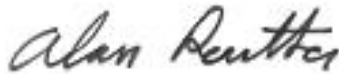
WARN was intended to give workers and communities sufficient advance notice of plant closings and mass layoffs so that they could prepare for the negative effects of such events. Unfortunately, the statute has not had the effect intended by Congress, as too many employers are either ignorant of the law or have intentionally evaded it. Moreover, WARN does not provide for enforcement by any government entity, leaving it instead to workers to bring legal action to enforce the statute. A 2003 study by the Government Accounting Office (GAO) found that in 2001, only about one-third of employers who were required under WARN to provide notice had done so. GAO made a number of recommendations for improving the statute, many of which are included in the bill.

Specifically, the major provisions in the bill relating to WARN would: (1) authorize the Department of Labor to investigate complaints and bring enforcement suits; (2) extend the number of days of required notice to 90 from 60; (3) strengthen the back pay penalty by providing for two days' pay for each day notice is not given, instead of one day's pay; (4) lower the threshold for a plant closing or mass layoff that triggers the notice requirement from 50 to 25 employees; and (5) require employers to post a notice informing employees of their rights under WARN. Each of these amendments is a modest change to WARN which, collectively, will strengthen the statute so that it fulfills the original intent of Congress.

Finally, we anticipate there will be a vote on a substitute or motion to recommit that will include the TAA bill offered by Representative McCrery when H.R. 3920 was marked up by the Ways and Means Committee last week. The UAW urges you to oppose this inadequate alternative. It would maintain the current flawed TAA program, instead of making needed improvements. Specifically, it does not increase funding for TAA and therefore continues to severely restrict the number of eligible trade-impacted workers who are able to take advantage of the program. It does not expand TAA to service workers or public employees. It raises the federal subsidy for the HCTC by only five percent, from 65% to 70%, an insufficient level to enable most TAA-eligible workers to afford to continue health care coverage. Under the guise of a "New Economy Scholarship" program, it actually caps training at \$8000 per individual, far below what some states now spend for high-quality training for some eligible workers. Finally, it undermines the essential retraining purpose of TAA by creating a wage supplement program that would encourage workers to take low-wage jobs - - jobs paying no more than minimum wage plus up to \$2.40 - - instead of retraining for high skill, higher paying jobs.

In conclusion, the UAW strongly urges you to vote for H.R. 3920 and to oppose any substitute or motion to recommit. Thank you for considering our views on this very important legislation.

Sincerely,

A handwritten signature in cursive script that reads "Alan Reuther".

Alan Reuther
Legislative Director

BCS:lb
opeiu494
L8378