Trade Adjustment Assistance for Farmers

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Summary

The Trade Adjustment Assistance for Farmers (TAAF) program provides technical assistance and cash benefits to producers of agricultural commodities and fishermen who experience adverse economic impacts caused by increased imports. Congress first authorized this program in 2002, and made significant changes to it in the 2009 economic stimulus package (P.L. 111-5). The 2009 revisions were intended to make it easier for commodity producers and fishermen to qualify for program benefits. It also provided over $200 million in funding through December 2010. More recently, P.L. 112-40 (enacted in October 2011) authorized $90 million in each of FY2012 and FY2013, and $22.5 million for the first quarter of FY2014, subject to future appropriations.

The U.S. Department of Agriculture (USDA) is required to follow a two-step process in administering TAAF program benefits. First, a group of producers must be certified eligible to apply. Second, a producer in a certified group must meet specified requirements to be approved to receive technical assistance and cash payments.

To be certified, a group must show that imports were a significant cause for at least a 15% decline in one of the following factors: the price of the commodity, the quantity of the commodity produced, or the production value of the commodity. Once a producer group is certified, an individual producer within that group must meet three requirements to be approved for program benefits. These include technical assistance with a training component, and financial assistance. A producer must show that (1) the commodity was produced in the current year and also in one recent previous year; (2) the quantity of the commodity produced decreased compared to that in a previous year, or the price received for the commodity decreased compared to a preceding three-year average price; and (3) no benefits were received under any other trade adjustment assistance program. The training component is intended to help the producer become more competitive in producing the same or another commodity. Financial assistance (capped at $12,000 over a three-year period for an approved producer) is to be used to develop and implement a business adjustment plan designed to address the impact of import competition.

Since 2009, USDA has certified 10 of the 30 petitions filed by producers of five commodity groups—shrimp, catfish, asparagus, lobster, and wild blueberries. In FY2010, USDA approved about 4,500 agricultural producers who applied for training and cash assistance under three certifications. Under the seven FY2011 certified petitions, USDA approved about 5,700 producers. Program benefits in both years will mostly flow to shrimp producers.

USDA continues, in stages, to disburse financial assistance to producers approved to receive benefits under the FY2010 and FY2011 programs as they meet certain benchmarks. Any future program activity depends on whether Congress appropriates funds to support the authority enacted in P.L. 112-40. In its FY2013 budget request submitted February 13, 2012, the Obama Administration did not request any appropriations for the TAAF program.

The Government Accountability Office (GAO) has examined which commodities were certified under the revised TAAF criteria, presented data on the producers approved to receive program benefits, and analyzed the approach USDA followed to evaluate TAAF's effectiveness. GAO recommends that USDA require spouses who apply for assistance to submit documentation on how they contribute to producing a commodity, take steps to ensure that the program's financial assistance component is used for intended purposes, and adopt a longer-term approach to evaluate its effectiveness.

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Rationale for Program

The origin of the Trade Adjustment Assistance for Farmers program can be traced back to a 2000 Department of Labor report recommending that a separate program be enacted "to assist agricultural producers and workers affected adversely by imports" if the objective is to assist them to remain in their current occupations. The report described the existing trade adjustment assistance (TAA) programs that provided (1) limited technical assistance to help business firms (including some that produced agricultural and food products) regain economic competitiveness or to shift into producing other goods, and (2) training assistance to workers (including those employed by some agricultural firms) to facilitate their transition into other occupations. It noted that the provision of direct financial assistance (such as income supplements) to farmers, or efforts to financially enable them to continue producing the commodity adversely affected by imports rather than help them adjust to employment in other sectors, would be inconsistent with the objectives of the then-existing TAA programs.[1]

Observers stated that farmers and ranchers typically did not qualify for the TAA workers program because they were self-employed (and thus rarely were eligible for unemployment benefits) and were less likely to want to be retrained for a new occupation (particularly if earning income from producing other crops or from non-farm sources). Others pointed out that agricultural producers most likely to be affected by import surges produce a commodity that receives little or no price protection nor direct payments under traditional farm subsidy programs. Frequently cited is the impact of increased competition that U.S. fruit and vegetable growers, as well as livestock producers, have encountered due to imports from Mexico and Canada under the North American Free Trade Agreement.[2]

Overview of TAAF Program

The Trade Act of 2002 established a new Trade Adjustment Assistance for Farmers (TAAF) program.[3] It is administered by the U.S. Department of Agriculture's (USDA's) Foreign Agricultural Service (FAS). As amended by the enacted 2009 economic stimulus package (P.L. 111-5, Division B, Subtitle I),[4] the program assists agricultural producers who have been adversely affected by competition from imports of a commodity that they produce. An "agricultural commodity producer" is defined as a "person that shares in the risk of producing an

[1] Department of Labor, "Report on Trade Adjustment Assistance for Agricultural Commodity Producers," transmitted by the Secretary of Labor to the House Ways and Means and Senate Finance Committees on October 26, 2000. This report was required by §408 of the Trade and Development Act of 2000 (P.L. 106-200).

[2] CRS Report RS21182, *Trade Adjustment Assistance for Farmers*, by Geoffrey S. Becker. This report provides background on the TAA for Firms and TAA for Workers programs, the extent to which agricultural businesses and employees in the agricultural sector took advantage of these programs through FY2000, and the legislative developments that led to TAAF program enactment. For information on the other TAA programs and current issues, see CRS Report R41922, *Trade Adjustment Assistance (TAA) and Its Role in U.S. Trade Policy*, by J. F. Hornbeck and Laine Elise Rover; CRS Report R42012, *Trade Adjustment Assistance for Workers*, by Benjamin Collins, *Trade Adjustment Assistance (TAA) for Workers,* by Benjamin Collins; CRS Report RS20210, *Trade Adjustment Assistance for Firms: Economic, Program, and Policy Issues*, by J. F. Hornbeck; and CRS Report R40863, *Trade Adjustment Assistance for Communities: The Law and Its Implementation*, by Eugene Boyd and Cassandria Dortch.

[3] P.L. 107-210, §§141-142, approved August 6, 2002, 116 Stat. 946 (19 U.S.C. 2401 et seq.).

[4] American Recovery and Reinvestment Act of 2009, P.L. 111-5, §§1856, 1881-1887, and 1891-1894, approved February 17, 2009, 123 Stat. 115.

agricultural commodity and that is entitled to a share of the commodity for marketing, including an operator, a sharecropper, or a person that owns or rents the land on which the commodity is produced," or a person who reports a gain or loss on a federal income tax return from "the trade or business of fishing." Support is available in the form of enhanced technical assistance and seed money to enable a producer to formulate and implement a business adjustment plan. Producers of raw and natural agricultural commodities (crops, livestock, farm-raised aquatic products, and wild-caught seafood that competes with aquaculture products) and of "any class of goods within an agricultural commodity" must follow a two-part process to receive benefits.

First, a producer group must be certified by USDA as eligible to apply for program benefits (see "Requirements for a Commodity Group to Be Certified"). Second, if the group is certified, individual producers in that group must meet certain requirements to be approved to receive technical assistance and cash payments (see "Individual Producer Eligibility Requirements" and "Program Benefits").

Requirements for a Commodity Group to Be Certified

A group of agricultural producers can petition the Secretary of Agriculture to be certified as eligible to participate in the TAAF program (i.e., to qualify for benefits). To certify a commodity group, the Secretary must determine that the increase in imports of the agricultural commodity produced by members of the group "contributed importantly"[5] to at least a 15% decline in the national average price, quantity of production, or value of production or cash receipts of the commodity. In making a determination, the Secretary must compare the volume of imports of "articles like or directly competitive with the agricultural commodity" produced by the group in the marketing year in which the petition is filed, to the average volume of imports in the three preceding marketing years. The addition of two other qualifying factors—"quantity of production" and "value of production/cash receipts"—besides price gives the Secretary greater flexibility in determining if a commodity group is eligible to access program benefits.[6] The Secretary has 40 days to make a determination on a group's petition.

Individual Producer Eligibility Requirements

If the Secretary certifies that a group qualifies for assistance, each producer in the group has 90 days to apply for TAAF benefits. To be eligible, an individual producer must show in the application submitted to USDA that (1) the agricultural commodity was produced in the year covered by the group's petition and in at least one of the three preceding marketing years; (2) the quantity of the commodity produced in that year has decreased compared to the amount produced

[5] Defined as "a cause which is important but not necessarily more important than any other cause."

[6] The 2009 amendments in P.L. 111-5 lowered the degree of impact on specified factors due to increased imports that a producer group had to show from 20% to 15%, and expanded the scope of factors that USDA must look at to determine if a producer group can qualify to participate in the program (i.e., from just one specified in the original 2002 law, to the three now). These appear to address two issues that the General Accountability Office (GAO) had identified as limiting producer participation in the initially authorized TAAF program administered through year-end 2007 (see pp. 2-3 of GAO report cited in footnote 15). One was the difficulty that groups of agricultural producers faced in meeting eligibility criteria (i.e., demonstrating that the price of the commodity produced had declined by at least 20% and that imports contributed importantly to the price decline). Also, many producer groups seeking to be recertified for benefits in a subsequent year saw USDA deny their petitions because of their difficulty in showing that imports of a commodity had further increased and that the increase noticeably contributed to the fall in price.

in a previous year, or the price received for the commodity in that year has decreased compared to the average price received in the preceding three marketing years;[7] and (3) no cash benefits were received under the TAA for Workers and TAA for Firms programs, nor were benefits received based on producing another commodity eligible for TAAF assistance.[8]

Program Benefits

The changes enacted in 2009 refocus the TAAF program by (1) making technical assistance available to an eligible producer, and (2) providing financial resources so that a producer can put into effect a business plan to make adjustments in the operation.

A producer approved for the TAAF program is entitled to receive initial technical assistance (TA) to improve competitiveness in the production and marketing of the commodity certified to receive benefits. Such assistance is to include information on what steps could be taken to improve the yield and marketing of that commodity, and on exploring the feasibility and desirability of substituting one or more alternative commodities for the one being produced. USDA can provide supplemental assistance to cover reasonable transportation and subsistence expenses that a producer incurs in accessing initial technical assistance if provided in a location outside a normal commuting distance.

A producer who completes this initial phase is eligible to participate in intensive technical assistance. This includes training courses to assist the producer in improving the competitiveness of the same commodity or an alternative commodity, and financial assistance to develop an initial business plan based on the courses completed. USDA is required to approve a producer's initial business plan if it reflects the skills gained by the producer through the courses taken. Further, this plan must demonstrate how the producer will apply these skills to his circumstances. If the plan is approved, the producer is entitled to not more than $4,000 to implement this plan, or to develop a long-term business adjustment plan.

A producer who completes the intensive phase and whose initial business plan has been approved is then eligible for assistance to develop a long-term business adjustment plan. USDA is required to approve this adjustment plan if it includes steps calculated to materially contribute to the producer's economic adjustment to changing market conditions, takes into account the interests of the workers employed by the producer, and demonstrates that the producer will have sufficient resources to implement the business plan. If approved, the producer is entitled to $8,000 to implement this long-term plan.[9]

[7] A producer has the option of instead showing that the county-level price for the commodity on the date a group files a petition has decreased compared to the average county-level price in the preceding three marketing years.

[8] Prior to 2009, a producer had to show (1) the quantity of the commodity that he produced in the most recent year, and that (2) his most recent year's net farm income was less than such income in a previous year, (3) he had met with the Extension Service to obtain information and technical assistance to help him adjust to import competition, and (4) he did not receive cash benefits under any other TAA program.

[9] The 2009 amendments in P.L. 111-5 redirected the type of benefits an individual producer can receive. While a cash payment previously was based on the automatic application of a formula, the more comprehensive approach in place now requires a producer to tap available technical assistance before he receives payments intended to assist him to implement a business plan to adjust to import competition.

Limitations on Producer Financial Assistance

The amount of assistance that a producer can receive to implement both the initial business plan and the long-term business adjustment plan is limited to $12,000 in the 36-month period after USDA has certified producers of the commodity as eligible for TAAF benefits.[10] Further, TAAF-eligible producers cannot receive cash benefits under any other TAA program.

An applicant is ineligible for TAAF assistance in any year in which his average adjusted gross income exceeds the level specified in Section 1001D of the Food Security Act of 1985 as amended (i.e., $500,000 of non-farm income, or $750,000 of farm income, depending on the details of the applicant's involvement in a farm operation, beginning with the 2009 crop year).[11]

Written Notices to Producers

The Secretary of Agriculture is required to provide written notice to each agricultural commodity producer in a group certified as eligible to receive benefits. A notice stating the benefits available to certified producers must also be published in newspapers of general circulation in the areas in which such producers reside.

Program Coordination

When notified by the International Trade Commission (ITC) that it has begun a safeguard investigation of a particular agricultural commodity, the Secretary of Agriculture is required to conduct a study of (1) the number of agricultural commodity producers who are producing a competitive commodity who have been or are likely to be certified eligible for TAAF, and (2) the extent to which existing programs could facilitate producers' adjustment to import competition.[12] A safeguard (e.g., in the form of additional tariffs, expanded quota, or another restriction on imports) is intended to provide relief from the adverse impact of imports when temporary protection will enable the domestic sector (i.e., producers) to make adjustments to meet import competition.

Within 15 days after the ITC has determined whether or not injury has occurred and reported its recommendations to the President, the Secretary must submit a report to the President on the USDA study's findings.

Program Funding

Section 1887 of P.L. 111-5 (the American Recovery and Reinvestment Act of 2009, approved February 17, 2009) authorized and appropriated $90 million in each of FY2009 and FY2010, and

[10] Prior to 2009, an approved producer could receive up to $10,000 in cash benefits in any 12-month period.

[11] For additional information on the new payment limitation rules made by P.L. 110-246, see CRS Report RL34594, *Farm Commodity Programs in the 2008 Farm Bill*, by Jim Monke, pp. 14-18.

[12] An ITC safeguard investigation would be triggered, under §202 of the Trade Act of 1974, by a petition filed by an affected party (e.g., trade association or industry group) seeking relief from competition caused by imports that are traded fairly but which cause or threaten to cause injury to a domestic industry. For additional information on this safeguard authority and its use, see CRS Report RL31296, *Trade Remedies and Agriculture*, by Geoffrey S. Becker and Charles E. Hanrahan.

$22.5 million for the first quarter of FY2011 (i.e., October to December 2010).[13] This provision also specified that funding shall cover the costs of administering the TAAF program, as well as the salaries and expenses of USDA employees who administer it. Conferees dropped a Senate provision (§1701(c)) that would have made TAAF funding available retroactively (i.e., back to January 1, 2008).[14]

Section 223 of P.L. 112-40 (Trade Adjustment Assistance Extension Act of 2011, approved October 23, 2011) authorized $90 million in each of FY2012 and FY2013, and $22.5 million for the first quarter of FY2014 (i.e., October through December 2013). This provision, unlike those in the 2002 and 2009 authorizations, did not appropriate any funds. As a result, Congress would have to approve an appropriation for USDA to administer the TAAF program for any portion of the period for which program authority now exists (i.e., October 1, 2011 through December 31, 2013).

TAAF Program Implementation

Because Congress in 2009 significantly revised TAAF's statutory provisions from those initially enacted, the following describes how this program operated in the period before, and then in the period after, these changes. The break between periods reflects the lack of program authority in the January to September 2008 period.

FY2003-December 2007

Activity under the TAAF in the FY2003-December 2007 period was much lower than authorized funding levels because of low producer participation and low payments, according to the Government Accountability Office (GAO).[15] Of the $459 million authorized for the 5¼-year period through December 31, 2007, budget outlays totaled almost $49 million, according to USDA's Office of Inspector General (OIG) and USDA's Foreign Agricultural Service.[16] This included $27.7 million in cash benefits paid to producers, $9.5 million for technical assistance, and $10.5 million for administrative costs (**Table 1**).

[13] The statute that established the TAAF program (the Trade Act of 2002) authorized and appropriated to USDA funds not to exceed $90 million for each of FY2003 through FY2007. §1(c) of P.L. 110-89 authorized $9 million in appropriations for the first quarter of FY2008 (October 1 to December 31, 2007). No funding was authorized during the remainder of FY2008. Funding for FY2009 became available in mid-May 2009, when the changes made to TAA programs by P.L. 111-5 took effect.

[14] In congressional action subsequently taken to temporarily extend the program, §101 of P.L. 111-344 (Omnibus Trade Act of 2010, approved December 29, 2010) authorized $10.4 million for the January 1 to February 12, 2011, period. USDA viewed this six-week period as too short to implement another FY2011 program, so no activity occurred.

[15] GAO, *Trade Adjustment Assistance: New Program for Farmers Provides Some Assistance, but Has Had Limited Participation and Low Program Expenditures*, at http://gao.gov/products/GAO-07-201, GAO-07-201, December 2006.

[16] OIG, Northeast Region, "Audit Report—Trade Adjustment Assistance for Farmers Program," at http://www.usda.gov/oig/webdocs/50601-03-HY.pdf, Report No. 506-1-3-Hy, June 2007, p. 2; and USDA, *FY2009 Budget Summary and Annual Performance Plan*, p. 27.

Table 1. TAAF Funding, and Spending by Type of Activity, FY2003-FY2014

($ in millions)

		Outlays / Obligations			
Fiscal Year	**Funding Authority**	**Cash Payments to Producers**	**Technical Assistance Training**	**Administrative Costs**	**Total**
FY2003	90	0.0	3.6	2.6	6.2
FY2004	90	12.6	0.8	2.9	16.3
FY2005	90	14.4	4.1	2.4	20.9
FY2006	90	0.7	1.0	1.6	3.3
FY2007	90	—	—	1.0	1.0
FY2008[a]	9				
Subtotal, FY2003- FY2008	**459**	**27.7**	**9.5**	**10.5**	**47.7**
FY2009	90	0.0	17.6	7.5	25.1
FY2010	90	61.5	16.4	1.7	79.6
FY2011	22.5[b]	19.6	0.0	2.9	22.5
Subtotal, FY2009-FY2011	**202.5**	**81.1**	**34.0[c]**	**12.0**	**127.2**
TOTAL, FY2003-FY2011	**661.5**	**108.8**	**43.5**	**22.5[d]**	**174.9**
FY2012, FY2013, and Quarter #1 of FY2014	**202.5**	Outlays in these years can occur only if Congress appropriates funds.			

Source: P.L. 107-210; P.L. 110-89; P.L. 111-5; P.L. 111-344, Section 101(c)(12); and P.L. 112-40, Section 223(b) for funding authority; USDA, OIG (for FY2003 – FY2006 outlays); USDA, Foreign Agricultural Service (FAS) for FY2007 outlays, FY2009 – FY2011 obligations.

a. Funding was authorized only through December 31, 2007, However, USDA did not implement the TAAF program during this three-month period of FY2008.

b. P.L. 111-344 added an additional $10.4 million for the January 1 to February 12, 2011 period, to the $22.5 million earlier authorized by P.L. 111-5 for October-December 2010. USDA decided not to use this spending authority, because the six-week extension was viewed as not long enough to administer a program. Section 729 of Division A (Agriculture Appropriations Act, 2012) in P.L. 112-55 (Consolidated and Further Continuing Appropriations Act, 2012) formalized this decision by rescinding this budget authority. The $22.5 million in authorized funding reflects this rescission.

c. Under contract with the University of Minnesota's Center for Farm Financial Management.

d. Reflecting implementation by four USDA agencies: Foreign Agricultural Service, Economic Research Service, Farm Service Agency, and National Institute of Food and Agriculture (formerly named Cooperative, State Research, Education, and Extension Service).

Of the 72 petitions filed by producer groups for assistance during the five-year period that USDA received petitions, USDA certified or approved 30 groups (**Table 2**). Shrimp and salmon producers accounted for most of the cash benefits paid out. Producers of Concord grapes, lychees, olives, wild blueberries, fresh potatoes, Florida avocadoes, snapdragons, and catfish were among others that USDA certified to be eligible for assistance (**Table 3**). About 8,400 producers qualified for cash payments (**Table 2**).

Table 2. Activity Under Trade Adjustment Assistance for Farmers Program, FY2003-FY2011

Fiscal Year	Certification Process		Producer Applicants Approved to Receive Benefits
	Petitions Filed	Petitions Certified	
FY2003	0	—	—
FY2004	25	12	4,512
FY2005	20	14	3,686
FY2006	19	4	208
FY2007	8	0	—
FY2008[a]	—	—	—
Subtotal, FY2003-FY2008	**72**	**30**	**8,406**
FY2009	0	—	—
FY2010	11	3	4,529
FY2011	19	7	5,713
Subtotal, FY2009-FY2011	**30**	**10**	**10,242**
TOTAL, FY2003-FY2011	**102**	**40**	**18,648**

Source: U.S. International Trade Commission, 2004 to 2008 issues of *The Year in Trade*; USDA, FAS, press releases and data shown for FY2010-2011 activity.

a. Program not active because authority expired on December 31, 2007.

FY2009 to Present

Administrative Actions

On August 25, 2009, USDA's Foreign Agricultural Service published a proposed rule to establish procedures for a group to request certification of eligibility, and for individual producers to apply for technical assistance and cash benefits, under the amended TAAF program.[17]

On March 1, 2010, USDA issued the TAAF interim rule and announced that it would immediately begin to implement the FY2010 program. This allowed producer groups to submit petitions to be certified for eligibility, which, if approved, permit individual members of a group to apply for program benefits.[18] For **FY2010**, USDA accepted petitions through April 14, 2010. It certified three of the 11 petitions submitted by producer groups (**Table 2**). If a petition was approved, eligible producers had to file applications for assistance within 90 days of the certification.

[17] *Federal Register*, Department of Agriculture, Foreign Agricultural Service, "Trade Adjustment Assistance for Farmers," August, 25, 2009, pp. 42799-42804, available at http://edocket.access.gpo.gov/2009/pdf/E9-20345.pdf.

[18] *Federal Register*, Department of Agriculture, Foreign Agricultural Service, "Trade Adjustment Assistance for Farmers," March 1, 2010, pp. 9087-9093, available at http://edocket.access.gpo.gov/2010/pdf/2010-3984.pdf, and March 11, 2010, p. 11513, available at http://edocket.access.gpo.gov/2010/pdf/2010-5238.pdf.

Table 3. Certified TAAF Petitions, FY2004-FY2011

UNDER 2002 ACT CRITERIA		
FY2004	**FY2005**	**FY2006**
Catfish (multistate)	Concord Grapes (Pennsylvania, New York, Ohio)	Avocados (Florida)
Lychees (Florida)	Fresh Potatoes (Idaho)	Concord Grapes (Michigan)
Salmon (Alaska)	Lychees (Florida)	Concord Grapes (Washington)
Salmon (Washington)	Olives (California)	Snapdragons (Indiana)
Shrimp (Alabama)	Salmon (Alaska)	
Shrimp (Arizona)	Salmon (Washington)	**FY2007**
Shrimp (Florida)	Shrimp (Alabama)	None
Shrimp (Georgia)	Shrimp (Arizona)	
Shrimp (North Carolina)	Shrimp (Georgia)	**FY2008**
Shrimp (South Carolina)	Shrimp (Louisiana)	No program
Shrimp (Texas)	Shrimp (Mississippi)	
Wild Blueberries (Maine)	Shrimp (North Carolina)	
	Shrimp (South Carolina)	
	Shrimp (Texas)	
UNDER 2009 ACT CRITERIA		
FY2009	**FY2011**	
None	American Lobster (Connecticut)	
	American Lobster (Maine)	
FY2010	American Lobster (Massachusetts)	
Asparagus (California, Michigan, Washington)	American Lobster (New Hampshire)	
Catfish (National)	American Lobster (Rhode Island)	
Shrimp (Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Texas)	Wild Blueberries (Maine)	
	Shrimp (Alabama, Alaska, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Texas)	

Source: General Accountability Office; U.S. Department of Agriculture's Foreign Agricultural Service.

On May 21, 2010, USDA announced that it will accept petitions for the **FY2011** TAAF program through July 16, 2010. USDA in late September 2010 certified seven of the 19 producer groups that submitted petitions (**Table 2**). Eligible producers had until late December 2010 to file applications for assistance.

Certifications and Producer Approvals

With the 2009 changes to the TAAF program that eased the criteria for a producer group to be certified and for individual producers to be approved for program assistance, more of the provided funding has been used than in the FY2003-December 2007 period. USDA committed $127 million of the almost $203 million authorized for the 2¼ -year period ending December 2010. This included $81.1 million in cash benefits and training costs for producers, $34.0 million for developing the technical assistance resources to be used to provide training, and $12.0 million for administrative costs (**Table 1**). Funds obligated under the 2009 amendments represented 63% of authorized funding. (For comparison, outlays in the earlier period of FY2003 through December 2007 accounted for 10% of funding authority.)

Of the 30 petitions filed since FY2009 by producer groups seeking certification (i.e., eligibility to qualify for assistance), USDA certified 10 groups. These included producers of shrimp, catfish, lobsters, asparagus, and wild blueberries (**Table 3**). USDA subsequently approved about 4,500 producers for training assistance and cash benefits in FY2010. Another 5,700 applications were approved under the FY2011 program (**Table 2**). USDA data show that most of the benefits under both years' programs will flow to shrimp producers in Alaska and along the Gulf and southern Atlantic states.

In early September 2012, of the 10,242 producers approved in FY2010 and FY2011 to receive program benefits, 80% had completed the intensive 12-hour training phase, 79% had completed their initial business plan, and 61% had completed their long-term business plan.[19]

Benefits to individual producers are based on the amount of funds authorized each year, and are available only to those approved to receive technical and financial assistance.[20] For the FY2010 program, approved producers were eligible for $12,000 in cash payments (see "Program Benefits," above, for details). But because only $22.5 million was available in the shortened FY2011 period for a larger number of approved applicants than in the previous year, each producer will receive pro-rated cash payments.[21] USDA estimates that under the FY2011 program, approved producers will receive $971 for developing and implementing an approved initial business plan, and an additional $1,943 for preparing and putting into effect an approved long-term business plan (i.e., up to a maximum of $2,914).[22]

GAO Report

As required by Section 1894 of P.L. 111-5, the Government Accountability Office (GAO) in mid-July 2012 reported on the operation and effectiveness of the 2009 amendments made to the TAAF statute.[23] It found that USDA certified relatively few commodities (five) under the changes made to the program, but that TAAF benefited most of the farmers and fishermen (over 10,200) who produced these certified commodities and had been approved to receive assistance. GAO discovered that the 2009 changes in the criteria used to determine whether a commodity can be certified were a factor leading to four of the five commodity certifications. For example, FAS under the pre-2009 criteria would not likely have been able to certify asparagus or shrimp solely on the basis of a decline in price. But in applying one new criterion—a decrease in the quantity produced of a commodity—as producers adjusted to increased imports, these two commodities qualified to be certified.

[19] FAS, "TAAF Status Report, as of September 4, 2012," provided upon request.

[20] §§1892 and 1893 of P.L. 111-5.

[21] §298(b) of the Trade Act of 1974 states that if appropriated funds are not sufficient to meet commitments for trade adjustment assistance to approved agricultural producers in any year, the amounts paid out are required to be reduced proportionately (19 U.S.C. 2401g(a)).

[22] USDA, FAS, "Notice to Program Participants of the Trade Adjustment Assistance (TAA) for Farmers Program" for FY2010, April 4, 2011, available at http://www.fas.usda.gov/scriptsw/PressRelease/pressrel_dout.asp?Entry=valid&PrNum=0062-11; data provided by FAS's Import Policies and Export Reporting Division for FY2011.

[23] GAO, USDA Has Enhanced Technical Assistance for Farmers and Fishermen, but Steps Are Needed to Better Evaluate Program Effectiveness, GAO-12-731, Jul 12, 2012, available at http://www.gao.gov/assets/600/592320.pdf.

In reviewing how USDA has implemented the program, GAO offered three recommendations:

- Require spouses of producers (i.e., those who share in the risk of producing an agricultural commodity) who may be eligible to apply for assistance to provide documentation on how they contribute to producing a certified commodity. This would address instances where USDA may have approved the applications of spouses who did not engage in producing a certified commodity, and thus had no assurance that TAAF assistance was targeted to those who are intended to benefit from the program.

- Take steps to help ensure that any financial assistance payments made to producers are used for intended purposes (e.g., by requiring them to detail in their business plans how they plan to use these funds). This would address the acknowledgement made by USDA officials that some producers likely use the payments for unrelated expenses.

- Broaden the program's evaluation approach to help ensure that USDA can comprehensively evaluate the impact of the TAAF program on producers' competitiveness. GAO noted that the performance measures and surveys used by USDA do not measure quantifiable outcomes or cover all key areas of the program. To illustrate, conducting a final survey 6-12 months after producers complete the program does not allow for gathering insights into their perceptions of TAAF's long-term effectiveness. Also, USDA has not corroborated the results of surveys to help isolate the program's impact from other influences.

USDA commented that it generally agrees with these recommendations, and that if any future TAAF program retains the same statutory requirements, it will consider specific ways to address them.

Legislative Activity in the 112th Congress

Legislative Reauthorization of TAAF

Because funding for all TAA programs expired on February 12, 2011, the 112th Congress debated their future for several months.[24] An attempt in the House to temporarily extend TAA authorities through mid-year 2011 become caught up in criticism of their rationale and opposition to the budget offset proposed to cover program costs. Some Republican Members of the House also called for linking a TAA extension to a commitment by the Obama Administration to agree to a timetable to submit the Colombia and Panama free trade agreements (FTAs) to Congress for a vote. Seeking a way to move both issues forward, the White House and congressional leadership in August 2011 reached agreement on an approach. TAA program reauthorization would be handled in a legislative measure separate from any bills to be introduced to implement all pending FTAs, following this agreed-to multi-step process.

On September 22, 2011, the Senate approved (69-28) the TAA renewal compromise package (S.Amdt. 634) as an amendment to H.R. 2832 to extend the Generalized System of Preferences program. This package had been agreed to earlier among the House and Senate committee

[24] See footnote 2 for background on all of the other TAA programs.

chairmen with jurisdiction on trade matters, and the White House. On October 12, 2011, the House agreed (307-122) to the Senate amendment to its bill. That same day, the House and Senate also passed three bills to implement the FTAs with South Korea, Colombia, and Panama. The President signed the GSP/TAA extension measure into law on October 21, 2011 (P.L. 112-40).

The compromise package in the enacted measure contains a few relatively straightforward provisions for the TAA for Farmers program. One authorizes funding "not to exceed" $90 million in each of FY2012 and FY2013, and $22.5 million for the first quarter of FY2014. However, it removed language (included in all previous TAAF reauthorizations) that would have simultaneously appropriated funds to support this authority. This change effectively makes funding subject to future appropriations. Another provision significantly expands the reporting requirements on TAAF program activity to be submitted to the trade congressional committees, beginning with FY2012.

Other TAA Measures

During 2011, Members introduced other bills that would affect the TAA for Farmers program. S. 308, the Trade Extenders Act of 2011, would extend all TAA programs through June 30, 2012. Funding for the TAAF program would be authorized and appropriated at $90 million for FY2011, and $67.5 million for nine months in FY2012. This bill also would (1) amend health insurance coverage for certain TAA recipients, and (2) extend two trade preference programs that provide duty-free treatment for eligible imported products through mid-2012—the Generalized System of Preferences[25] and the Andean Trade Preference (ATPA)[26] program. S. 1286, the Trade Adjustment Assistance Extension Act of 2011, would extend all TAA programs for five years—through December 31, 2016. TAAF funding would be authorized and appropriated at $90 million for each of FY2011 through FY2016, and $22.5 million for the first quarter of FY2017. Separately, H.R. 2165 proposes to repeal all TAA programs. None of these proposed measures received further consideration.

A provision in the enacted FY2012 Agriculture appropriations measure (§729 of Division A in P.L. 112-55) rescinded the $10.4 million authorized and appropriated by P.L. 111-344 for the TAAF for the first six weeks of 2011. USDA had earlier decided not to use this additional funding because the time period was too short to implement a program (see footnote 14). As scored by the Congressional Budget Office, this law also appears to have rescinded another $80 million in TAAF unobligated balances.

Separately, the Obama Administration did not request funds for the TAAF program in FY2012 or in its budget proposal for FY2013. When asked at a House Agriculture Committee hearing whether or not the TAAF is included in the Administration's goal to reauthorize the major TAA programs, Secretary of Agriculture Tom Vilsack responded that "[w]e will be prepared to do whatever Congress directs us to do and hopefully will provide us the resources to be able to do an adequate job of providing assistance and help to [those agricultural] producers who need it."[27]

[25] For more information, see CRS Report RL33663, *Generalized System of Preferences: Background and Renewal Debate*, by Vivian C. Jones. Congress subsequently did extend the GSP program in approving H.R. 2832 (see "Legislative Reauthorization of TAAF" above).

[26] For more information, see CRS Report RS22548, *ATPA Renewal: Background and Issues*, by M. Angeles Villarreal. Congress subsequently did extend ATPA by approving H.R. 3078 to implement the U.S.-Colombia FTA.

[27] CQ Congressional Transcripts, "House Agriculture Committee Holds Hearing on Reviewing the Pending Free Trade (continued...)

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Agreements," May 12, 2011.