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IMPROVEMENTS TO THE TRADE ADJUSTMENT ASSISTANCE PROGRAM

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Mr. LONG, from the Committee on Finance, submitted the following

REPORT

[To accompany H.R. 1543]

The Committee on Finance, to which was referred the bill (H.R. 1543) to improve the operation of the adjustment assistance programs for workers and firms under the Trade Act of 1974, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

I. SUMMARY

H.R. 1543, as amended by the Committee on Finance, is intended to achieve four major objectives—

1. To broaden the coverage of workers and firms who may be eligible for trade adjustment assistance benefits;
2. To increase certain trade adjustment assistance benefits to workers and firms;
3. To accelerate the certification process and provision of benefits to workers and firms; and
4. To encourage more effective programs by authorizing industrywide studies and increased technical assistance.

The summary below outlines the principal features of the bill.

RETROACTIVE ELIGIBILITY FOR WORKER BENEFITS

Under present law, a certification of eligibility to apply for program benefits cannot apply to any worker whose last total or partial separation from employment occurred (1) more than 1 year before the date of the petition leading to the certification, or (2) before October 3, 1974. H.R. 1543 would require the Secretary of Labor to reconsider worker petitions for certification of eligibility to apply for adjustment assistance and worker applications for such assistance if (1) the peti-

tion was filed between April 3, 1975, and November 1, 1977, and (2) the petition or application was denied because the worker or workers' last total or partial separation from employment did not occur within one year prior to the filing date of the petition (but did occur after October 3, 1974). This provision is intended to provide trade adjustment assistance to workers who were unaware of the provision in the Trade Act which denies benefits to any worker if his last total or partial separation from employment occurred more than one year before the filing date of a petition for certification. The bill would require the Secretary to apply an 18-month, rather than 1-year, rule to any petition or application he reconsiders, except that total or partial separations occurring prior to October 3, 1974, would not be covered.

GROUP ELIGIBILITY REQUIREMENTS

Under present law, a group of workers is eligible to apply for adjustment assistance if, among other things, (1) sales or production, or both, of the workers' firm or subdivision have decreased absolutely, and (2) increases of imports of articles like or directly competitive with articles produced by such workers' firm or an appropriate subdivision thereof contributed importantly to such decline in sales or production. Under H.R. 1543, eligibility to apply for adjustment assistance would be extended to workers in firms whose sales or production "threaten" to decline absolutely. However, benefits would not become payable until the actual decline in sales or production took place. Eligibility would also be extended to workers employed by a firm which does not produce articles like or directly competitive with imports, but which does supply articles or services to firms producing such like or directly competitive articles which are affected by imports, when increases in those imports contribute importantly to unemployment or threat thereof, and to a decline in sales or production, or threat thereof, in the supplying firm.

EMPLOYMENT WITH MORE THAN ONE FIRM

Under present law, a worker qualifies for trade readjustment allowances if, in the 52 weeks before he is laid off, he had at least 26 weeks of work in adversely affected employment with a single firm. Under H.R. 1543, employment with several firms which have been certified for adjustment assistance or whose workers have been so certified could qualify a worker for assistance.

TIME LIMITATION ON WORKER BENEFITS

Under present law, a worker can receive trade readjustment allowances for up to 52 weeks. A worker in training or over 60 years old may receive allowances for up to 78 weeks. Under H.R. 1543, a worker in training may receive allowances for up to 104 weeks. A worker over 60 may receive allowances for the shorter of 104 weeks or the period until he becomes 62 years old.

ELIGIBILITY REQUIREMENTS FOR FIRMS

Under present law, a firm is eligible to apply for adjustment assistance if, among other things, (1) sales or production, or both, of

the firm or a subdivision thereof have decreased absolutely, and (2) increases of imports of articles like or directly competitive with articles produced by the firm contributed importantly to such decline in sales or production. Under H.R. 1543, eligibility to apply for adjustment assistance would be extended to firms whose sales or production "threaten" to decline absolutely. However, benefits other than certain technical assistance would not become payable until the actual decline in sales or production took place. H.R. 1543, as amended, also would extend adjustment assistance to firms which, under specified conditions, supply component parts or other articles, or services, essential to the production, transport or storage of import-impacted articles.

FINANCIAL ASSISTANCE TO FIRMS

Financial assistance to firms under present law would be improved under H.R. 1543. The improvements are as follows: The ceiling on the Government share of the cost of technical assistance supplied to a firm would be raised from 75 to 90 percent; the interest rate on direct loans provided as adjustment assistance would be lowered by removing the existing surcharge for administrative expenses and possible loan losses and by providing an alternative interest rate; the ceiling on direct loans to any firm would be raised from one to three million dollars; the ceiling on Government aggregate liability for guarantees on loans to any one firm would be raised from three to five million dollars; and interest rate subsidies would be authorized to reduce interest paid by borrowers on guaranteed loans.

II. General Explanation

1. SPECIAL TREATMENT OF CERTAIN CERTIFICATIONS AND PETITIONS (SECTION 101 OF THE BILL)

Present law.—Under section 223(b) of the Trade Act of 1974, a certification of eligibility to apply for program benefits cannot apply to any worker whose last total or partial separation from employment occurred (1) more than 1 year before the date of the petition leading to the certification, or (2) before October 3, 1974.

House bill.—Section 101 is a free-standing provision which does not amend the Trade Act of 1974. The provision would require the Secretary of Labor to reconsider promptly:

(1) Any petition for certification of eligibility filed under the Trade Act before November 1, 1977, if the Secretary denied certification, refused to accept the petition, caused the petition to be withdrawn, or terminated an investigation on the petition because the petitioning group of workers' last total or partial separation was more than one year before the date of the petition but was not before October 3, 1974.

(2) The eligibility for adjustment assistance of any worker who is covered by a certification issued on the basis of a petition filed under the Trade Act before November 1, 1977, but who is not eligible for adjustment assistance because his last total or partial separation from employment was more than one year before the date of the petition but not before October 3, 1974.

Section 101 would also permit any group of workers laid off after October 3, 1974, and before November 1, 1977, to file a petition for eligibility to apply for benefits with respect to that period if the group did not file a petition after April 2, 1975 (the effective date of the program), and before November 1, 1977. The petition would have to be filed within 6 months after the date of enactment of H.R. 1543.

For purposes of the reconsideration of a petition or application or consideration of a new petition under this section, a certification of eligibility would apply to any worker whose last total or partial separation from employment was less than 18 months, rather than 1 year, before the date of the petition but was not before October 3, 1974. The date of an affimative determination, if any, following reconsideration of petitions refused, withdrawn, or terminated because of the 1-year rule would be considered to be 60 days (the statutory time limit for making determinations) after the date the petition was initially filed. In the case of negative determinations, the date of the initial determination denying certification would be considered the determination date. Only workers whose last total or partial separation from employment occurred within 2 years after the determination date would be eligible to apply for adjustment assistance with respect to unemployment before November 1, 1977.

For purposes of new petitions filed under section 101, the date of the petition would be considered to be April 3, 1975, or such other date deemed appropriate by the Secretary on the basis of information obtained during the investigation. The date of the determination would be considered to be 60 days after the date of the petition.

Section 101 would prohibit the Secretary of Labor from paying or recomputing the amount of any trade readjustment allowance for the same week of unemployment for which the worker already received or is eligible to receive allowances. It would also require the Secretary to provide full information and whatever assistance is necessary to workers to enable them to prepare petitions or applications for benefits under the section.

Committee amendment.—The committee amended section 101 of the House bill by deleting the provisions which would permit workers who never petitioned for certification to petition during the 6-month "open season" provided.

Reason for change.—During 1975, the Department of Labor did not adequately publicize the Trade Act adjustment assistance program and its conditions for eligibility. A large number of workers were unaware of the new 1-year rule under section 223(b) and did not file petitions in time to cover separation of any or all workers in the petitioning group. The Department of Labor estimates that at least 11,000 workers are ineligible to receive benefits under existing certifications because of the 1-year rule. In many of these cases workers at an earlier stage of the production process were not able to receive adjustment assistance because they did not file a petition in time even though their coworkers laid off at a later stage in the production process, who had filed petitions, did receive benefits. This resulted in different treatment under the law for workers in related jobs lost for the same reason of increased import competition.

The committee believes the 1-year limit should be maintained for the future in order to encourage more timely filing of petitions and

thereby enable more timely benefits following worker separation. The Department of Labor has an improved "outreach" program, and greater public familiarity with the program now result in only rare cases in which petitions are not filed on a timely basis within the 1-year rule as intended by the act. Therefore, the committee finds no reason to amend the 1-year rule to a longer filing period on a prospective basis.

The committee deleted the "open season" provision in the House bill primarily on the basis of the belief that it is too costly and that many workers or their representatives who failed even to apply for certification did so not necessarily out of ignorance of the program, but because in fact that they did not need adjustment assistance, having already accomplished adjustment without material loss of income.

2. FILING OF WORKER PETITIONS BY SECRETARY OF LABOR (SECTION OF 102 OF THE BILL)

Present law.—Under section 221 of the Trade Act, a petition for a certification of eligibility to apply for adjustment assistance benefits may be filed by (1) a group of workers, (2) their certified or recognized union, or (3) their duly authorized representatives.

House bill.—Section 102 would amend the provisions for filing of petitions under section 221(a) of the Trade Act to authorize the Secretary of Labor to file a petition on behalf of any group of workers for a certification of eligibility to apply for adjustment assistance. In all cases the Secretary would have to publish notice promptly in the Federal Register that the filing has been made and an investigation initiated.

Reasons for change.—The committee adopted the provisions of section 102 of the House bill without amendment. The purpose of this amendment is to provide an additional method for initiating the process for obtaining adjustment assistance. This change will enable earlier certification of certain workers who might not otherwise be aware that their actual or threatened separations were import-related by permitting the Department of Labor to respond immediately to information received indicating the existence of an import problem that is affecting or is likely to affect specific groups of workers.

3. GROUP ELIGIBILITY REQUIREMENTS FOR ADJUSTMENT ASSISTANCE (SECTION 103 OF THE BILL)

Present law.—Under section 222 of the Trade Act of 1974, a group of workers is eligible to apply for adjustment assistance if (1) a significant number or proportion of the workers in such workers' firm or an appropriate subdivision of the firm have become totally or partially separated, or are threatened to become totally or partially separated; (2) sales or production, or both, of such firm or subdivision have decreased absolutely; and (3) increases of imports of articles like or directly competitive with articles produced by such workers' firm or an appropriate subdivision thereof contributed importantly to such total or partial separation, or threat thereof, and to such decline in sales or production.

House bill.—Section 103 would amend the group eligibility requirements under section 222 of the Trade Act in two respects. First, the

eligibility criteria would be amended to permit worker certification on the basis of the "threat" of an absolute decrease in the sales and/or production of a firm or subdivision as well as an actual decrease. No benefits could be provided to a worker until actual sales and/or production declines occurred. Second, section 103 amends paragraph (3) of section 222 so that the Secretary of Labor may certify workers for assistance based on a determination that increased imports "contributed importantly" to worker separations and to sales and/or production declines in a firm or appropriate subdivision thereof producing either articles "like or directly competitive" with the increased imports (*i.e.*, end products) or providing essential parts or essential services to the firm or subdivision producing such articles. The term "contributed importantly" is defined and is to be interpreted as under existing law as "a cause which is importantly but not necessarily moreimportant than any other cause."

Section 103 of the House bill would apply to petitions filed on or after the effective date of the act.

Reason for change.—The committee adopted the provisions of the House bill without amendment. The amendments under section 103 are intended to expedite certification of groups of workers and broaden the coverage of the program. In determining whether a "threat" of sales and/or production decline exists, the committee intends that the Secretary examine all economic factors relevant to the particular case, including but not limited to, the overall financial status of the firm (including depletion of working capital), profit levels, the status of orders and inventory, and utilization of productive facilities. Alternatively, a "threat" might be based on an announced closing of the firm or plans to purchase a facility and transfer production overseas.

The committee does not intend that the criteria be met on the basis of a threatened decline in sales and/or production which is a normal seasonal or cyclical fluctuation. As in the case of a threat of total or partial separations under present law, the committee intends that a "threat" of declining sales and/or production exists when it can be reasonably expected that actual declines in sales and/or production are imminent.

Under present law the criteria for eligibility refer to threatened as well as actual worker layoffs, but firm sales and/or production must have shown an actual absolute decrease before certification can take place. The purpose of the amendment is to enable certification of workers in advance of actual reduction in firm output when it is clear that such reduction and consequent unemployment due to increased imports are imminent. The authority to certify on the basis of "threat" should lead to more timely filing of petitions and enable the Department of Labor to begin its investigation at an earlier stage, thereby making assistance available on a more timely basis once actual layoff takes place.

Existing law requires for certification that the Secretary of Labor determine that increased imports of articles "like or directly competitive" with articles produced by the workers' firm or appropriate subdivision thereof "contributed importantly" to the actual or threatened total or partial separation of the workers and to the decline in sales and/or production of the workers' firm or subdivision.

The term "like or directly competitive" article in the certification criteria is a narrow concept under which imported finished articles are not considered like or directly competitive with domestic component parts thereof. The term "like or directly competitive" (and the term "article") have resulted in certifications being denied to workers employed in producing component parts or providing services, unless such production or service is supplied by a subdivision if a vertically integrated firm whose workers have been certified or unless imports of the particular component have increased and the certification criteria been met.

For example, under existing law, the workers in a firm which supplies shoe heels to a shoe factory, or the worker in a firm which supplies car bumpers to an automobile manufacturer, cannot be certified, notwithstanding increased imports of shoes or automobiles, because shoe heels are not "like or directly competitive" with shoes, or car bumpers with automobiles. Yet if the shoe heels or the car bumpers are manufactured by the shoe manufacturer or the auto manufacturer in a subsidiary, an affiliate, or an "appropriate subdivision" of the firm, the workers can be certified.

The committee believes this inequity and anomaly in existing law, which permits workers producing component parts or providing services in integrated manufacturing companies to receive benefits but precludes certification to workers in independent companies providing the same components or services by contract, is corrected by the amendment to existing law made by section 103 of the House bill. The committee does not intend, however, that the inclusion of workers producing essential parts or services with respect to eligibility for adjustment assistance have any bearing on current United States International Trade Commission (ITC) practice with respect to the scope of "like or directly competitive articles in import relief cases under section 201 *et seq.* of the Trade Act.

The amendment made by section 103 would permit workers in an independent firm or subdivision supplying essential parts or services to be certified even if workers producing the end product in the firm or subdivision they supplied have not received prior certification. However, the committee does not intend that workers in an independent firm or subdivision supplying parts or services be certified unless the firm or subdivision they supplied has been import-impacted with respect to the particular end product, i.e., workers in an independent firm or subdivision supplying parts or services will be certified if the Secretary is satisfied, notwithstanding that a prior certification has not been issued, that increased imports of an article like or directly competitive with the end product contributed importantly to employment and sales and/or production declines in the firm supplied with respect to that particular end product.

The committee recognizes that considerable program coverage may extend to workers in firms or subdivisions supplying parts and services to firms or subdivisions whose workers have been or may be determined importantly impacted by increased imports.

The Secretary should establish guidelines commonly applicable to workers employed in integrated establishments and independent supplier firms. Such guidelines should be established for determining that increased imports "contributed importantly" to employment and sales

declines in the firm producing the end product. Such guidelines should require that a direct and significant supplier relationship exists and that directly identifiable employment in the supplier firm is dependent on the continued production of the product adversely affected by increased imports. The Secretary should also consider the extent to which sales and/or production declines in the supplying firm can be attributed to sales and/or production declines in the firm producing the end product.

It would be expected that measurable declines in sales and/or production of the part or service could be related to declines in sales and/or production of the end product and that declines associated with cyclical, seasonal, technological, or other events not directly related to increased imports be discounted.

In cases where workers cannot be specifically identified as producing the particular part or service, if, after considering all of the above factors, it can be shown that increased imports are an important cause of significant unemployment in the supplying firm, the Secretary shall certify workers in such plants as eligible to apply.

However, if the level of plant employment is so large relative to employment declines that might be associated with the adverse impact of import competition and workers directly affected by such competition cannot be specifically identified, the Secretary shall not certify workers in such a situation as eligible to apply for trade readjustment allowances.

The committee intends that a supplying firm or subdivision must provide one or more parts which are essential to the production, i.e., the fabrication, processing, transformation, or assembly of an end product. "Essential parts" would include component parts of end products or articles consumed in the production process and which become an integral part of an end product, such as heels for shoes, original equipment batteries or spark plugs for automobiles, glass envelopes for TV picture tubes, glue used in the assembly of shoes, yarn used in the weaving of cloth, or iron ore used in the production of steel. It would also include machinery or equipment necessary to production of an end product, such as textile printing plates, sewing machines for an apparel factory, rollers for a steel rolling mill, engraved copper rollers to print fabric, or a furnace for a glass plant.

The committee does not intend that the definition be construed so broadly as to cover articles which are related to but not required for, or an integral part of, the production of an end product. Consequently, it would not encompass articles used in the provision of services, such as food vending machines or trucks or railroad cars for the transport of raw materials or finished goods.

The committee intends that a supplying firm or subdivision must provide a service which is essential to the production (i.e., the fabrication, processing, transformation, or assembly) of an end product. Under the Department of Labor's interpretation of the current language of section 222((3), such activities as the dyeing and printing of fabric and the tanning of hides have been regarded as the production of articles. "Services" would include such activities as the inspection, sponging and shrinking of fabric, the job shop galvanizing of metal objects or the machining of metal parts. It would also include such storage, transportation or other services as the shipment of new cars

to dealers by common carrier, the delivery of iron ore to steel mills, or the warehousing of footwear.

The committee does not intend that the definition be construed so broadly as to cover services which are related to but not required for, or an integral part of, the production of an end product. Consequently, the definition would not encompass such services as wholesaling, retailing, banking, insurance, advertising, or utilities provided to the firm or pertaining to the end product, nor is it intended to encompass such services as food, health, or sanitation provided on a contract basis to the workers in the firm producing the end product.

4. DETERMINATIONS BY SECRETARY OF LABOR (SECTIONS 104 AND 112 OF THE BILL)

Present law.—Under section 223(d) of the Trade Act, the Secretary of Labor must terminate a certification for adjustment assistance covering workers in a firm when he determines that total or partial separations from employment with such firm are no longer attributable to the conditions which must exist for a certification to be issued. No authority to suspend a certification exists.

House bill.—Section 104 of the House bill would require the Secretary of Labor, in any case in which the Secretary is notified by the Secretary of Commerce that a petition has been filed by a firm for adjustment assistance under section 251, to provide promptly to the Secretary of Commerce any data and other information obtained while taking action on a petition filed for adjustment assistance under section 221 by any group of workers for that firm which would be useful to the Secretary of Commerce in making a determination under section 251. The information would be provided upon notification by the Secretary of Commerce of the filing of a petition by a firm under section 251 whether or not the Secretary of Labor has already made a determination under section 223, and would include any useful business confidential information notwithstanding other provisions of law, such as the Federal Reports Act.

The amendment under section 104 of the House bill would also prohibit the provision of any trade adjustment assistance benefits to any worker covered by a certification issued under section 223(a) based upon a determination under section 222 (2), as amended under this act, that sales and/or production of the firm or appropriate subdivision thereof threaten to decrease absolutely until after the date the Secretary makes a determination that the sales and/or production of the firm or appropriate subdivision thereof have actually decreased absolutely. The other two eligibility criteria with respect to worker layoffs and increased imports as an important contributing factor must be met by the time actual sales and/or production declines occur. The Secretary would be required to take appropriate steps to promptly notify workers and State agencies of the fact that actual declines have occurred and, therefore, that benefits may be received.

Committee amendment.—The committee adopted the provisions of the House bill with one amendment (contained in section 112 of the bill as amended by the committee) to provide authority to the Secretary to suspend the applicability of existing certifications on the same grounds as he is permitted to terminate them. The suspension would not affect workers separated prior to or after the period of it effective-

ness, which period would end when the conditions justifying the suspension no longer exist or conditions justifying certification again exist. Any period of suspension would not be counted against the maximum 2 years permitted for a certification.

Reasons for change.—The purpose of the first part of the House amendment is to avoid duplicate investigatory efforts by the Department of Commerce when the Department of Labor has already obtained data and other information pertaining to the same firm, thereby facilitating and expediting the certification process and making more efficient use of Department resources. A corresponding requirement of the Secretary of Commerce is provided under section 201 of the bill.

The second part of the House amendment is intended to ensure that unwarranted allowances and other adjustment assistance benefits are not provided workers because a threatened decline in sales and/or production of the firm or subdivision thereof due to increased imports failed to materialize.

To assure that the program benefits are available to certified workers for reasons associated with increased import competition, the committee amended the House bill by adding a new section (section 112) providing for additional authority to the Secretary of Labor to suspend the applicability of an existing certification during periods when separation from adversely affected employment are for reasons having no connection to import competition that would support the continued applicability of the certification. Such situations include separations arising from a periodic or recurring partial or total plant shutdown scheduled for vacations or operational purposes, or a shortage of parts due to a railroad or truckers' strike, or a plant shutdown due to curtailment of energy supplies, or a shutdown for emergency maintenance or repair of equipment. It is not intended that suspension of a certification would apply to workers separated prior to the effective date of the suspension as set in the suspension order. The suspension also is not intended to apply to workers who are totally or partially separated after the date the suspension is lifted. For this provision to have its intended effect, the Secretary may suspend a certification before informing affected workers; however, such notice of a suspension must be given as early as possible to the State agency and the affected workers. The Secretary shall monitor suspended certifications and periodically affirm to the affected workers that the conditions warranting suspension continue to exist. The suspension shall be terminated as of a stated date when the causes of separations or their continuation are no longer attributable to the situation justifying the suspension. In appropriate cases the termination date of the suspension would be included in the suspension order. The two year period of any certification subject to suspension shall have its effective life extended by a period equal to the duration of the suspension or suspensions.

5. PROVISION OF INFORMATION ON BENEFITS TO WORKERS (SECTION 105 OF THE BILL)

Present law.—Under section 224 of the Trade Act of 1974, the Secretary of Labor is required to provide full information about adjustment assistance only to workers in industries suffering serious

injury from import competition, as determined by the International Trade Commission under section 201 of the Trade Act. The Secretary must also assist those workers in the preparation of petitions for adjustment assistance eligibility.

House bill.—The committee adopted without amendment the provisions of section 105 of the House bill. Section 105 of the House bill would require the Secretary of Labor to provide full information to workers about benefit allowances, training, and other employment services available under the trade adjustment assistance program and under other Federal programs which may facilitate adjustment of workers to import competition, and to provide whatever assistance is necessary to enable any interested group of workers to prepare petitions or applications for program benefits under the Trade Act. The Secretary should provide such information and assistance to workers in any industry, not merely those in an industry subject to an affirmative finding of import injury by the ITC as under section 224(c) of present law. The Secretary would also be required to make every effort to ensure that cooperating State agencies fully comply with the agreements they enter into under section 239(a) for providing payments and employment training services to eligible workers, and further must periodically review such compliance.

Reason for change.—The amendment is intended to provide a statutory basis for an expanded "outreach" program to provide information to workers who might become eligible for trade adjustment assistance, including the display of information about the program in the cooperating State agencies.

6. QUALIFYING EMPLOYMENT REQUIREMENTS (SECTION 106 OF THE BILL)

Present law.—Under section 231 of the Trade Act of 1974, "an adversely affected worker" must have, in the 52 weeks immediately preceding total or partial separation, at least 26 weeks of work in "adversely affected employment." A further requirement is that the employment be with a single firm or subdivision of a firm.

House bill.—Section 106 of the House bill would make three major changes in the qualifying requirements for trade readjustment allowances under section 231 of the Trade Act. The House bill would provide an alternative to the present eligibility requirement that an "adversely affected worker" covered by a certification must have at least 26 weeks of employment at wages of $30 or more a week in the 52 weeks immediately preceding the worker's last total or partial separation prior to application for allowances. Under the alternative, a certified worker could also qualify for allowances on the basis of at least 40 weeks of employment at wages of $30 or more a week in the 104 weeks immediately preceding last total or partial separation prior to application.

The present law requires that the weeks of qualifying work preceding the last total or partial separation of an "adversely affected worker" covered by a certification before application for allowances be in "adversely affected employment" in a single firm or subdivision of a firm. Section 106 would eliminate the requirement that the qualifying weeks be in "adversely affected employment," thereby restoring the qualifying requirement as it appeared in the Trade Expansion Act of 1962. A worker would be able to satisfy the weeks-of-work require-

ment whether that work is in "adversely affected employment" or in other employment with the affected firm.

Section 106 also would eliminate the single firm requirement of the present law. Under the amendment, the minimum weeks-of-work requirement may be met by work with one or more firms or subdivisions thereof. To be counted among the qualifying weeks, however, each week must have been in employment in a firm or appropriate subdivision thereof covered by a certification of eligibility to apply for trade adjustment assistance on the date of separation of the worker.

Committee amendment.—The committee amended section 106 of the House bill to eliminate the alternative minimum employment requirement, which would be added to existing law by section 106, of 40 weeks employment at wages of $30 or more a week in the 104 weeks immediately preceding the last total or partial separation prior to application. However, under the committee amendment, a worker could count towards the necessary 26 qualifying weeks not only weeks during which the worker was actually at work, including the week during which the separation occurred, but also any weeks in which the worker was not actually at work but was receiving from the affected employer paid vacation or sick leave, or weeks in which the worker is on employer authorized maternity leave, leave for inactive duty or active duty for training in the Armed Forces, or serving as a represenative of a labor organization.

Reasons for change.—The committee eliminated the alternative test of 40 weeks out of the last 104 weeks provided for in section 106 of the House bill because it believes that test would not require sufficient attachment to the labor force and would be too costly.

The provision permitting certain weeks during which a worker is not actually at work to be credited toward the necessary 26 qualifying weeks is intended to provide greater equity in the coverage of workers eligible for allowances. It would not penalize workers for engaging in such important activities as Reserve or active duty military training, nor have certification decisions rest on the circumstances of when one worker took his vacation or was on sick leave as compared to another when both are in otherwise similar circumstances.

The amendment made eliminating the requirement that qualifying weeks be in "adversely affected employment," which is related to the change under section 111 of the bill in the definition of "adversely affected worker," will allow "bumpees" to qualify for trade readjustment allowances on the same basis as "bumpers."

The purpose of the amendment permitting work in more than one firm to count toward the necessary qualifying weeks of work is to allow more workers to qualify for trade readjustment allowances when the workers are employed in industries typified by frequent temporary, total or partial layoffs and frequent movement of workers between firms.

7. TIME LIMITATIONS ON READJUSTMENT ALLOWANCES (SECTION 107 OF THE BILL)

Present law.—Under section 233(a) of the Trade Act of 1974, an "adversely affected worker" may receive benefits for up to 26 weeks, in addition to the 52 weeks of benefits available to all workers—

(a) if the additional 26 weeks are needed to complete an approved training course; or

(b) because he is age 60 or over on the date he became unemployed.

No worker can receive benefits for more than 78 weeks.

House bill.—The committee adopted without amendment the provisions of section 107 of the House bill. Section 107 of the House bill would amend the time limitations on trade readjustment allowances to extend the maximum additional benefit period for a worker completing training approved by the Secretary of Labor from 26 weeks to 52 weeks of trade readjustment allowances beyond the basic 52 week benefit period to assist adversely affected workers. The maximum total period of benefits for trainees would be extended from the present 78 weeks to 104 weeks.

The House bill would also extend the period of time in which adversely affected older workers who reach their 60th birthday on or before the date of their total or partial separation would be eligible for allowances beyond the basic 52 week benefit period. As under present law, payments of allowances would be made to any adversely affected worker who has attained age 60 on or before the date of total or partial layoff for not more than 26 additional weeks, up to a maximum of 78 weeks. However, a worker who has not yet reached age 62 in the 26th additional week would receive benefits for not more than 26 further additional weeks, or up to a maximum of 104 weeks, until that worker attains age 62. The older worker provisions would not apply to any older worker in training. Such a worker would be eligible for up to 104 weeks of benefits while in training. In no case would a worker be able to receive payments for more than 104 weeks.

Reason for change.—The amendment is intended to provide allowances up to an additional 6 months, for a maximum of two years, to enable workers to receive trade readjustment allowances while they complete more lengthy training programs. The older-worker changes are intended to provide those workers with benefits for weeks of unemployment until they reach social security eligibility at age 62 because they are likely to experience the greatest difficulties among trade-impacted workers in finding alternative employment or in being retrained. The amendment would provide a "bridge" for older workers laid off at age 60, until they reach age 62, who cannot receive trade readjustment allowances under present law during the six months (*i.e.*, beyond 78 weeks) before they reach social security.

8. EXPERIMENTAL TRAINING PROJECTS (SECTION 108 OF THE BILL)

Present law.—Section 236 of the Trade Act of 1974 permits the Secretary of Labor to certify "adversely affected" workers for appropriate training if there is no suitable employment available.

House bill.—The committee adopted without amendment the provisions of section 108 of the House bill. Section 108 of the House bill would add a new section 236A to the Trade Act establishing a program of experimental or demonstration projects to improve techniques and demonstrate the effectiveness of specialized methods to meet the employment and training problems of workers displaced by foreign competition. The Secretary of Labor would establish demonstration

projects to test the effectiveness of training vouchers as one possible method to deal with these problems. The Secretary would establish demonstration projects in political subdivisions of States where the Secretary finds a significant number of workers have been or are threatened to be totally or partially separated from their employment and that increases in imports have contributed importantly to such separations.

Participation in such projects would be on a voluntary basis and open to workers in a relevant political subdivision who have been totally or partially separated from their employment and who are either covered by an existing certification issued under section 223 or who have filed a petition under section 221 on which a determination under section 223 is pending. Eligible workers covered under a certification would receive benefits as provided in the Trade Act, including training benefits under sections 236 and 236A. Individuals covered under a petition would receive benefits under section 236A.

The Secretary would be authorized to select participants for the demonstration projects among those eligible who volunteer on such basis as he deems appropriate to carry out the purposes of this section. The eligibility criteria include workers who have filed petitions but are not yet certified in an effort to provide training as soon as trade-displaced workers become unemployed.

Workers participating in such programs and projects developed under this section would not lose the unemployment insurance benefits otherwise payable to them by the States. If a State considers that a modification of its agreement is necessary to effectuate the purposes of this section, the House bill directs that the agreement be modified to accomplish those purposes.

The House bill would require the Secretary to report to Congress, not later than March 1, 1982, an evaluation of the program together with any suggestions for implementing on a permanent basis those methods used in the program which have proven most effective. For purposes of carrying out section 236A, the House bill would authorize appropriations not to exceed $1.5 million for each of fiscal years 1980 and 1981.

Reasons for change.—The amendment is intended to result in an investigation of new ways to improve the training aspects of the trade adjustment assistance program.

9. INCREASED JOB RESEARCH ALLOWANCES (SECTION 109 OF THE BILL)

Present law.—Under section 237 of the Trade Act of 1974, an "adversely affected worker" who has been totally separated from employment may receive reimbursement for 80 percent of the cost of necessary job search expenses up to a maximum of $500. The worker must have filed an application of reimbursement no later than 1 year after the date of total separation.

House bill.—Section 109 of the House bill would amend section 237 of the Trade Act to (1) eliminate the requirement that a certified worker be totally separated before filing an application for a job search allowance, (2) increase reimbursement to adversely affected workers covered by a certification for necessary job search expenses from 80 percent to 100 percent of "reasonable and necessary" expenses, and

(3) increase the present $500 maximum job search allowance to a maximum $600 reimbursement.

Under the House bill, no job search allowances would be granted unless and until an adversely affected worker has been totally separated, even though such a worker may file for the allowances prior to his total layoff. Also, the time limit within which a worker must file an application for a job search allowance would be extended to 1 year after the date of his certification of eligibility to apply for adjustment assistance or one year after the date of his last total separation, whichever is later. In the case of a worker age 60 or over on the date of his last total separation, filing could be made up to 18 months after the date of his last total separation or after the date of his certification, whichever is later. A worker referred by the Secretary of Labor to training could apply within 6 months after the completion date of his training.

Committee amendment.—The committee adopted the provisions of section 109 of the House bill with one change, providing that there be deducted from any reimbursement for reasonable and necessary job search expenses any amount paid or to be paid by an employer for the same purposes.

Reason for change.—Section 109 of the House bill is intended to enable partially separated workers covered by a certification to apply for allowances in anticipation of possible total layoff, thereby expediting the receipt of job search allowances once layoff occurs. The increase in reimbursement for job search expenses is intended to account for rising costs.

Under present law, a certified worker must file an application for job search allowances no later than one year after the date of his last total separation or within a reasonable period of time (6 months by regulation) after completing training. A worker may be denied an opportunity to apply for job search allowances since the date of his last total separation may occur 14 months prior to the date of his certification or even earlier since certifications are often not made within the 60-day statutory time limit. The amendment would provide a more realistic deadline by triggering the time limit for filing from the date of the required certification, if it is later than the date of last layoff, and would provide an additional 6-month application period for older workers in recognition of the special difficulties they may have in finding alternative employment opportunities.

The amendment which would provide for reducing the amount of job search allowances by any amount paid or to be paid by an employer for the same purposes is intended to insure that Federal funds not be used to duplicate expenses that are paid or payable by an employer.

10. INCREASED RELOCATION ALLOWANCES (SECTION 110 OF THE BILL)

Present law.—Under section 238 of the Trade Act of 1974, an "adversely affected workers" relocating within the United States may, if certain eligibility criteria are met, receive a relocation allowance equal to 80 percent of "reasonable and necessary" expenses plus an additional sum equivalent to three times the worker's average weekly wage, such additional sum limited to a maximum payment of $500.

House bill.—Section 110 of the House bill would amend the provisions for relocation allowances under section 238 of the Trade Act in four respects, consistent with similar amendments of job search allowances under section 109 of the bill. The House bill would eliminate the present requirement that a certified worker must be totally separated before filing an application for a relocation allowance.

Definite time limits within which a worker must file an application for a relocation allowance would be provided: Within 14 months after the date of his certification of eligibility to apply for adjustment assistance or 14 months after the date of his last total separation, whichever is later, or, in the case of a worker age 60 or over on the date of his last total separation, within 18 months after that date or after the date of his certification, whichever is later. A worker referred by the Secretary of Labor to training could apply within 6 months after the completion date of his training. The worker would also have to be unemployed and entitled to trade readjustment allowances under his certification actually to receive a relocation allowance.

A certified worker could receive a relocation allowance if his relocation takes place within 6 months before or after his application for such an allowance, or, in the case of a worker referred to training by the Secretary of Labor, if the relocation takes place within 6 months after he completes the training. Finally, the relocation allowance would be increased from 80 percent to 100 percent of reasonable and necessary expenses and the additional lump sum payment would be increased from a $500 to a $600 maximum.

Committee amendment.—The committee adopted the provisions of section 110 of the House bill with one change, which provides that any amounts paid as part of a relocation allowance for reasonable and necessary expenses incurred in transporting a worker and household effects would be reduced by any amounts paid or to be paid by an employer for the same purposes.

Reason for change.—The amendments are intended to expedite receipt of relocation allowances if layoff takes place; harmonize the time period in which a worker must apply for job relocation allowances based on the filing date for job search allowances; and give some flexibility to the time at which a worker may receive relocation allowances. The increase in allowances reflects rising costs since the enactment of the Trade Act of 1974.

The amendment made by the committee to section 110 of the House bill would not affect the lump sum payable under section 238(d)(2) of the act. It would reduce the amount of a relocation allowance as provided for in section 238(d)(1) of the act, as amended, by any amount paid or to be paid by an employer for the same purpose. At present, there is no prohibition against the payment of relocation expenses even when the employer may have reimbursed the worker for such expenses. Federal funds should not be used to duplicate such employer reimbursements.

11. DEFINITIONS (SECTION 111 OF THE BILL)

Present law.—Section 247 of the Trade Act of 1974 defines terms used in sections of the Trade Act dealing with the worker adjustment assistance program.

House bill.—The committee adopted without amendment the provisions of section 111 of the House bill. Section 111 of the House bill would amend the definition of the term "adversely affected worker" and add definitions of the terms "appropriate subdivision" of a firm and "firm".

Reasons for change.—The term "adversely affected worker" would be redefined to clarify and expand eligibility to apply for adjustment assistance in situations of "bumping" by workers exercising their seniority rights. Under present law and regulations, a worker totally or partially separated from adversely affected employment in a firm or subdivision thereof is eligible for adjustment assistance benefits even though the layoff may only be for a temporary period prior to the worker's reemployment through exercise of bumping rights. This eligibility would not change under the amended definition. However, a worker ("bumper") who transfers immediately from adversely affected to non-adversely affected employment and then is laid off is not eligible for benefits, even though that worker may have worked many years in the import-impacted job and only a few days or weeks in the job obtained by "bumping" a worker with less seniority from non-trade-impacted employment in the same firm.

Under present law, a worker ("bumpee") at the bottom of the seniority ladder in non-adversely-affected employment may be eligible for adjustment assistance, irrespective of his tenure, if "bumped" and totally separated as a direct result of the immediate transfer of a "bumper" from adversely-affected employment. This eligibility would not change under the amended definition. However, if the "bumper" from adversely-affected employment is laid off for a period of time before exercising his seniority rights, the "bumpee" from non-adversely-affected employment is not eligible for adjustment assistance because there is no link with the adversely affected employment.

The amendment would extend eligibility for benefits to a worker in these latter two circumstances: (1) To a "bumper" who transfers immediately from adversely affected employment if he then becomes totally separated within 190 days after the transfer, and (2) to a "bumpee" totally separated as a direct result of reemployment of a "bumper" within 190 days after the "bumper's" total separation from adversely affected employment. Only two workers would be eligible for program benefits as a result of any single "bumping" action: The adversely affected "bumper" and the non-adversely-affected "bumpee" laid off as a direct result of the bumping action. In a successive chain bumping situation, only the "bumpee" in the chain who is laid off from the firm first (not intermediate "bumpees" who may ultimately be laid off) would be eligible.

The amended definitions of firm and appropriate subdivision would clarify the Secretary's discretionary authority to certify, where appropriate, workers in a group of establishments operating as an integrated production unit or engaging in an integrated process within a multi-establishment firm. The committee does not intend this authority to be used if it would tend to mask or eliminate the direct causal linkage and relationship between worker separations and the adverse impact of increased import competition when firm responses to and the impact of such competition differ at each facility where the particular import-impacted article is produced. For ex-

ample, a firm may realign its production schedules of the article, resulting in reduction or elimination of production at some facilities and an increase at other facilities. A single certification covering all facilities under these circumstances would reward certain workers not intended to be covered by the program.

With respect to the question of what operations should be considered a firm or appropriate subdivision thereof, the committee notes that in many cases when the products produced by the substantial majority of the operations of a firm or establishment of a firm are impacted by like or directly competitive products, the entire firm or establishment goes out of business, including subordinate operations of the firm which were not producing a product like or directly competitive with the imported product and which are not independently viable. In such cases, the Department of Labor, in determining what workers should be eligible for adjustment assistance, should take into account not only the characteristics of the products produced by the subordinate operations, but also the degree of financial and legal integration of the various operations, as well as other matters which might be relevant to determining whether any particular operation has any viability if not part of an entire matrix of operations within a firm or establishment. When there is no independent viability, the committee believes that all the workers, including those in such subordinate operations, should be certified eligible for assistance.

12. RECOMPUTATION OF TRADE READJUSTMENT ALLOWANCE—WEEKLY BENEFIT AMOUNT BASED ON QUALIFYING SUBSEQUENT SEPARATION (SECTION 113 OF THE BILL)

Present law.—At present, section 232(a)(1) of the Trade Act of 1974 states that an individual's weekly trade readjustment allowance (TRA) amount will be the lesser of 70 percent of the individual's average weekly wage or the average weekly manufacturing wage. The "average weekly wage" is defined in section 274(4) of the act as one-thirteenth of the total wages paid to an individual in the highest quarter among the first 4 of the last 5 completed calendar quarters prior to the individual's appropriate week. An "appropriate week" is defined in section 233(b) of the act as—(a) for a totally separated worker, the week of his most recent total separation, (b) for a partially separated worker, the first week for which he receives a TRA following his most recent partial separation.

Therefore, at present, if an individual has a subsequent separation from the same certified employer and again can meet the qualifying requirements for assistance based upon such subsequent separation, the individual receives a new appropriate week, a new average weekly wage, and potentially a new weekly TRA amount (be it higher or lower than the previous weekly amount) must be computed.

House bill.—No provision.

Committee amendment.—The committee would amend section 232 of present law to provide that the initial computation of readjustment allowances under a certification would apply to all subsequent applications for readjustment allowances under the same certification, except for weeks of unemployment for which a higher amount may be computed under section 232(b) (relating to workers undergoing

approved training) and for any recomputation under this section because of a change in the average weekly manufacturing wage.

Reason for change.—Under present law, the actual amount of the readjustment allowance to be paid to an unemployed worker is calculated anew for each period of unemployment which is interrupted by a period of employment with the same certified employer. This requirement increases the cost of present program administration and delays delivery of cash allowances to workers. In addition, the statutory requirement for recomputation has placed a severe burden on adversely affected employers who must supply individual wage and separation information based on each subsequent layoff.

13. ELIGIBILITY REQUIREMENTS OF FIRMS FOR ADJUSTMENT ASSISTANCE (SECTION 201 OF THE BILL)

Present law.—Section 251 of the Trade Act establishes the criteria which must be fulfilled in order for a firm to be certified as eligible for adjustment assistance. A firm will be certified if the Secretary of Commerce determines that (1) a significant number of workers in the firm have been, or threaten to become, totally or partially separated; (2) sales or production, or both, have decreased absolutely, and (3) increases in imports have contributed importantly to the separation, or threat thereof, and to the decline in sales or production.

House bill.—The committee adopted without amendment the provisions of section 201 of the House bill. Section 201 of the House bill amends the eligibility requirements for firms under section 251 in three aspects. First, a firm could receive certification on the basis of a threat of an absolute decrease in the sales and/or production of such a firm, no longer having to show that such decrease has actually occurred.

Second, a new subsection (d) is added to section 251 designed to permit a firm to qualify for adjustment assistance when it supplies articles, such as component parts, or services, to and is economically dependent upon, one or more "import-impacted firms", *i.e.*, firms which have been certified for adjustment assistance, or whose workers have been so certified. Under new subsection (d), the Secretary of Commerce must determine that all of the following circumstances exist in order for a supplying firm to be certified.

(1) Not less than 25 percent of the total sales of the supplying firm are made to one or more import-impacted firms. The 25 percent must be accounted for by the provision of one or more articles (including, but not limited to, any component part) which are essential to the production of any "import-impacted article" (an article which forms the basis for the certification of the import-impacted firm or workers), and/or one or more services which are essential to the production, storage, or transportation of any import-impacted article.

(2) There has occurred actual or threatened total or partial separations of a significant number or proportion of the workers and an actual or threatened decrease in the sales and/or production of the supplying firms.

(3) The actual or threatened decrease in sales and/or production of one or more import-impacted articles in the import-impacted firms contributed importantly to the actual or threat-

ened separations of workers and to the actual or threatened decline in sales and/or production of the supplying firm. Thus, a causal link must exist between increased imports of an article like or directly competitive with an article produced by the import-impacted firm and the declines in employment and in the sales and/or production of the article or service which is experienced by the supplying firm. The term "contributed importantly" means a cause which is important but not necessarily more important than any other cause.

Third, section 201 of the House bill also adds a new subsection (h) to section 251 to prohibit the provision of any technical assistance, other than assistance in preparing an economic adjustment proposal provided for under section 253(a)(1), or any financial assistance to any firm covered by a certification based upon a determination under section 251(c)(2) as amended by this act or under new subsection (d)(1)(C) that sales and/or production of the firm threaten to decrease absolutely until after the Secretary makes a determination under new subsection (h) that the sales and/or production of the firm have actually decreased absolutely. The other two eligibility criteria worker layoffs and increased imports as an important contributing factor, must still apply at the time actual sales and/or production declines occur.

The House bill would further amend existing law by requiring the Secretary of Commerce, in any case in which the Secretary is notified by the Secretary of Labor that a petition has been filed for adjustment assistance by any group of workers of a firm, to provide promptly to the Secretary of Labor any data and other information obtained while taking action on a petition filed by such firm for adjustment assistance which would be useful to the Secretary of Labor in making a determination with respect to the workers in the firm. The Secretary would provide the information whether or not a determination on the firm's eligibility has been made, and would include any useful business confidential information, notwithstanding other provisions of law.

The amendments made under section 201 shall apply to petitions filed under section 251(a) of the Trade Act on or after the effective date of this act.

Reasons for change.—With respect to the amendment which would permit certification upon a showing of a threatened decline in sales or production, the purpose is the same as the analogous amendment under section 103 of the House bill that relates to worker adjustment assistance. The amendment would permit assistance to be available to firms on a more timely basis once sales and/or production of the firm actually decline because petitions by firms could be filed, and the Department of Commerce could begin and complete its certification investigation, at an earlier time. The amendment which would not permit any financial assistance or technical assistance (beyond specified limits) to a firm certified on the basis of a determination that sales and/or production of the firm threaten to decrease is intended to insure that a firm does not obtain adjustment assistance on the basis of a threat which fails to materialize.

In keeping with the intention of providing needed assistance in as timely a fashion as possible, the committee is aware that there are firms which sell items that are generally produced under written con-

tract, rather than being sold from inventory, and where a long lead time is required to manufacture and ship those items. The Secretary of Commerce should provide all possible assistance (short of financial assistance or other payments of funds under the trade adjustment assistance program) to such a firm to expedite the preparation of its petition for certification and proposal for economic assistance, when (1) a contract previously supplied by the firm has been awarded to a foreign supplier to produce goods whose production takes a long lead time and hence will be delivered at a date some distance in the future; (2) it is highly probable that there will be an increase in imports of such products; and (3) there has been an observable impact on the firm and its workers by virtue of loss of the contract; namely, a decrease in sales or production and separation of workers.

Regarding the amendment to include first tier supplying firms within the scope of the firm adjustment assistance provisions, administration of the present eligibility criteria under section 251(c) is based on a court interpretation of the term "like or directly competitive" with increased imports and the term "article" which excludes independently-owned firms which sell component parts or services to another firm from eligibility for adjustment assistance, but permits certification if that firm is affiliated with and an integral part of the same single corporate entity that produces an article like or directly competitive with increased imports. The purpose of the amendment is to correct this anomaly in existing law. As in the case of workers, the committee does not intend that the inclusion of firms producing essential articles or services with respect to eligibility for firm adjustment assistance have any bearing on current ITC practice with respect to the scope of "like or directly competive" articles in import relief cases. The terms "import-impacted article" and "import-impacted firm" carry no meaning beyond their defined terms for purposes of administering new section 251(b).

The meaning of the terms "parts" and "service" with respect to analogous provisions for worker adjustment assistant applies equally to the terms "article" and "service", respectively, for purposes of administration of new section 251(d). As in the case of worker adjustment assistance, it is intended that the Department of Commerce certify an independent supplying firm under the direct import competition criteria of section 251(c), as amended, if imports of an article like or directly competitive with the component part it produces should increase, or under new section 251(d) on the basis of the firm's status as a supplier, whichever is more favorable to the firm's prospects for certification. As in the case of workers, the certification of a firm under section 251(d) cannot establish a basis for certifying in turn a chain of firms providing components to the supplying firm, i.e., the supplying firm does not become an "import-impacted firm" unless it is certified under section 251(c) criteria.

14. TECHNICAL ASSISTANCE (SECTION 202 OF THE BILL)

Present law.—Sections 252 and 253 of the Trade Act authorize the Secretary of Commerce, at his discretion, to provide technical assistance to a firm in preparing a proposal for its economic adjustment when the firm is certified for eligibility for adjustment assistance. The

government may bear up to 75 percent of the cost of such technical assistance.

House bill.—The committee adopted without amendment the provisions of section 202 of the House bill. Section 202 of the House bill would amend the technical assistance provisions of present law to require that the Secretary of Commerce provide technical assistance on such terms and conditions as he determines appropriate to assist a firm certified for adjustment assistance in preparing a proposal for its economic adjustment, unless the Secretary determines, after consultation with the firm, that it is able to prepare such a proposal without assistance. If the Secretary does furnish assistance through a private individual, firm, or institution (e.g., private consultants), the government would bear that portion of the cost of the assistance, up to a maximum of 90 percent, which in the Secretary's judgment the firm is unable to pay.

Reasons for change.—Under present law, provision of technical assistance by the Secretary to assist firms in preparing an adjustment proposal required as a part of the application by a firm for adjustment assistance is purely discretionary. Many small firms do not have the expertise to prepare an adjustment proposal without obtaining outside assistance at a cost which the firm may not be able to bear. The amendment would require the Secretary of Commerce to provide and bear the cost of any such needed assistance to the extent the firm itself is unable to pay, up to the 90-percent limit provided in the bill.

Experience has shown that some small trade-impacted firms find it difficult to bear even the 25 percent of the cost of technical studies and preparation of adjustment plans now required by law. It is important, however, for them to undertake a systematic examination of their economic problem to establish feasible alternatives and solutions. By increasing the amount which the Government may bear to 90 percent of the total cost, as the bill would do, it is hoped that more of these small firms will be able to utilize technical assistance benefits and receive financial assistance without undue additional burden on already depleted resources.

In conjunction with the amendments made by section 201 of the bill, changing the eligibility criteria of section 251(c) of the Trade Act and adding new sections 251 (d) and (h), amended section 253(b) of the Trade Act would require the Secretary of Commerce to provide technical assistance for preparing adjustment proposals to firms certified on the basis of a threat of decline in production or sales even if an actual decline in production or sales did not subsequently occur. In the committee's view, the advantages of assisting all certified firms, excluding those capable of bearing all costs themselves, in the preparation of economic adjustment proposals outweigh the disadvantages of the remote possibility, given the interpretation of the term "threat", of providing technical assistance to certified firms which do not subsequently qualify for financial assistance because actual declines in either production or sales do not occur.

15. FINANCIAL ASSISTANCE (SECTION 203 OF THE BILL)

Present law.—Section 254 of the Trade Act authorizes the Secretary of Commerce to provide direct loans or guarantees of loans to firms as adjustment assistance.

House bill.—The committee adopted without amendment the provisions of section 203 of the House bill. Section 203 of the House bill would authorize the Secretary of Commerce, with respect to loans guaranteed by the United States under section 254 of the Trade Act, to contract to pay annually, for not more than 10 years, interest rate subsidies to or on behalf of the borrowing firm in an amount sufficient to reduce by a maximum of 4 percentage points the interest paid by such borrower on the guaranteed loan, provided that the subsidy would not reduce the borrower's interest rate on the guaranteed loan to below that charged on direct loans under section 254. The interest rate subsidies would apply only to loans guaranteed under section 254 of the Trade Act on or after the effective date of this act.

Reasons for change.—The purpose of the interest rate subsidy provision is to stimulate the use of loan guarantees and reduce Federal outlays in the provision of direct loans as financial assistance. The Public Works and Economic Development Act of 1965, as amended, now contains a similar provision.

16. CONDITIONS FOR FINANCIAL ASSISTANCE (SECTION 204 OF THE BILL)

Present law.—The interest rate on direct loans as adjustment assistance to firms is specified by section 255 of the Trade Act as the Treasury cost of borrowing plus a "surcharge" in an amount adequate to cover administrative expenses and the cost of probable losses under the program. Further, present law provides that under the firm adjustment assistance program, the outstanding aggregate liability of the U.S. Government on loan guarantees at any time for any one firm may not exceed $3 million, while the amount of direct loans which may be outstanding to any one firm at any time may not exceed $1 million.

House bill.—The committee adopted without amendment the provisions of section 204 of the House bill. Section 204 of the House bill would amend the conditions for financial assistance under section 255 to provide an interest rate on direct loans to firms under section 255 consisting of either of the following alternatives, whichever rate the Economic Development Administration (EDA) determines to be lower in the particular calendar quarter:

(1) the cost of borrowing rate used presently under section 255 determined quarterly by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, (and not including an additional amount required currently to cover costs of administration and potential losses (i.e., comparable to the EDA rate on its regular business development direct loans), or

(2) the direct loan rate which the Small Business Administration generally applies under its regular business loan and nonphysical disaster loan programs, calculated at the end of the preceding fiscal year by the Secretary of the Treasury as the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt plus one-quarter of one percent per year.

The new lower interest rate on direct loans resulting from this amendment would apply to direct loans made on or after the effective date of the act. However, at the request of the borrower, the Secretary of Commerce could take such action as may be appropriate to adjust the interest rate on any direct loan made prior to the effective date of the act to the new lower rate. Such an adjusted rate would apply to interest payments owing on a loan on or after October 31, 1977.

Section 204 also amends existing section 255 by providing that the outstanding aggregate liability by the U.S. Government on loan guarantees at any time for any one firm may not exceed $5 million, and that the amount of direct loans which may be outstanding to any one firm at any time may not exceed $3 million.

Reasons for change.—The surcharge which is removed by the House bill has been added to the interest rate on direct loans and has raised the rate above the available commercial interest rate in some cases. At present, the surcharge is about 1½ percent. The higher rate is burdensome on already financially pressed firms. The alternative rates provide that firms seeking financial assistance to adjust to increased import competition will not be subject to an interest rate any more onerous than a firm must pay under other Government loan programs for businesses.

The purpose of increasing the loan ceilings is to encourage greater use of the program by larger firms who have not found the amount of financial assistance presently available sufficient to make application worthwhile.

17. PROVISION OF INFORMATION ON BENEFITS TO FIRMS (SECTION 205 OF THE BILL)

Present law.—The Secretary of Commerce is required by section 264 of the Trade Act to make available full information about firm adjustment assistance to firms in an industry which has been found by the U.S. International Trade Commission (ITC) to be eligible for import relief under the "escape clause" provisions of the Trade Act (section 201 *et seq.*). The Secretary is also required to provide assistance in preparing and processing petitions and applications for program benefits.

House bill.—The committee adopted without amendment the provisions of section 205 of the House bill. Section 205 of the House bill expands the responsibilities of the Secretary of Commerce to assist and inform firms regarding adjustment assistance. It requires that he provide full information to firms, whether or not in an industry for which the ITC has made a finding under section 201 of the Trade Act, about technical and financial assistance available under not only the trade adjustment assistance program, but also under any other Federal programs which may facilitate adjustment of firms to import competition. The Secretary would also provide whatever precertification technical assistance is necessary to enable firms to prepare petitions for such certification under the Trade Act.

Reason for change.—The amendments would provide, to a greater extent than under current law, information and assistance to firms in order that they may make use of technical and financial assistance available under Federal programs for adjustment to import competi-

tion. The Secretary of Commerce should provide such information to firms in any industry and assist firms to petition for eligibility to apply for trade adjustment assistance.

18. ADJUSTMENT ASSISTANCE COORDINATION (SECTION 301 OF THE BILL)

Present law.—Section 281 of the Trade Act establishes an Adjustment Assistance Coordinating Committee, consisting of a Deputy Special Representative for Trade Negotiations as Chairman, and officials charged with the trade adjustment assistance responsibilities of the Departments of Labor and Commerce, and of the Small Business Administration. The committee's function is to coordinate the development and review of all policies, studies, and programs of the agencies involved to promote the efficient and effective delivery of trade adjustment assistance program benefits.

House bill.—The committee adopted without amendment the provisions of section 301 of the House bill. Section 301 of the House bill retains the present law but also establishes the Commerce-Labor Adjustment Action Committee (CLAAC), consisting of officials charged with economic adjustment responsibilities in the Departments of Commerce and Labor and other appropriate Federal agencies. The chairmanship of CLAAC would rotate among members representing the Departments of Commerce and Labor. In addition to any other function deemed appropriate by the Secretaries of Commerce and Labor, the committee would facilitate the coordination between such Departments in providing timely and effective adjustment assistance to import-impacted workers, firms, and communities under the trade adjustment assistance programs and under other appropriate programs administered by these Departments. The committee would report quarterly on its activities to the Adjustment Assistance Coordinating Committee.

Reason for change.—To improve interagency coordination of the day-to-day operation and administration of their programs to assist workers, firms, and communities in adjusting to sudden economic dislocation, the Departments of Commerce and Labor established the CLAAC in September 1977 as an informal Commerce-Labor committee. The scope of the committee's coordinating activities are far broader than just trade adjustment assistance, covering sudden economic dislocations in general and all adjustment problems arising from large-scale plant closing or layoffs, whether from import competition, natural disasters, or other causes. Other agencies involved with these issues are now included in the CLAAC, including the Office of the Special Representative for Trade Negotiations (STR).

The committee believes that the STR, as the coordinating agency of U.S. trade policy, should maintain its overall policy level role in the area of trade adjustment assistance and keep informed and knowledgeable about the operation and effectiveness of the adjustment assistance programs as a tool for economic adjustment. At the same time, the committee recognizes that day-to-day administration of the program is the role of the Departments involved. Consequently, the CLAAC is established as a statutory body to ensure the necessary coordination and administration of these programs on a permanent basis, as a complement to the Adjustment Assistance Coordinating Committee.

As a result of its consideration of the relationship of the trade policy of the United States and the trade adjustment assistance program, the committeee is requesting the Departments of Labor and Commerce, with appropriate coordination by the Adjustment Assistance Coordinating Committee, to conduct a study of the appropriateness of including within the trade adjustment assistance program situation where unemployment and injury to firms are related to U.S. export policy, including export policy regarding primary products and raw materials. The results of the study would be submitted to the committee within 1 year of the date of enactment of this act.

19. GRANT PROGRAMS AND STUDIES (SECTION 302 OF THE BILL)

Present law.—None.

House bill.—The committee adopted without amendment the provisions of section 302 of the House bill. Section 302 of the House bill adds new provisions authorizing grants for industrywide technical assistance and studies. Grants made under the new provisions are new authority and the dollar limitation in the provisions would not restrict funding of projects or research under other programs. The Secretary of Labor would be authorized to make grants up to $2 million annually, under terms and conditions he deems necessary and appropriate, to unions, employee associations, or other appropriate organizations to enable them to conduct research on, and the development and evaluation of issues relating to, the design of an effective trade adjustment assistance program for workers in industries in which significant numbers of workers have been or will likely be certified as eligible for adjustment assistance. The issues would include the impact of new technologies on workers, the design of new workplace procedures to improve efficiency, the creation of new jobs to replace those eliminated by imports, and worker training and skill development. Such sums as may be necessary and appropriate to carry out the purposes of this section are authorized to be appropriated.

The bill would provide similar authority to the Secretary of Commerce to make grants up to $2 million annually, under terms and conditions he deems necessary and appropriate, for establishment of industrywide programs for research on, and development and application of, technology and organization techniques designed to improve economic efficiency. Eligible recipients may be associations or representative bodies of industries in which a substantial number of firms have been certified as eligible to apply for adjustment assistance. Such sums as may be necessary and appropriate to carry out the purposes of this provision are authorized to be appropriated.

Further, the Secretary of Commerce would be authorized to conduct studies of industries actually or potentially threatened by import competition for the purpose of (1) identifying basic industrywide characteristics contributing to the competitive weakness of domestic firms; (2) analyzing all other considerations affecting the international competitiveness of industries; and (3) formulating options to assist trade-impacted industries and member firms, including industrywide initiatives.

Reason for change.—No authority presently exists for an industrywide approach (rather than an individual firm or group of workers

approach) to the technical assistance program under trade adjustment assistance. Further, studies presently mandated by section 264 of the Trade Act are limited to consideration of the number of firms likely to be certified as eligible for adjustment assitance and the extent to which existing assistance programs may be used to aid such firms in an industry under investigation by the U.S. International Trade Commission. The bill would provide for studies and technical assistance that will have a broad perspective and upon which improvements in the various adjustment assistance programs can be based.

20. EFFECTIVE DATES (SECTION 303 OF THE BILL)

Present law.—None.

House bill.—The committee adopted without amendment the provisions of section 303 of the House bill. Section 303 prescribes the effective date for various amendments prescribed by the act. The House bill provides that the amendments made by sections 106, 107(2), 109, 110, and 111(1) would take effect on the 60th day after the effective date of the act and would apply with respect to workers separated from employment on or after such 60th day.

Section 107(1) and (3) to extend the benefit period for trainees will take effect on the effective date of the act and apply to workers separated from employment on or after that date and to workers receiving trade readjustment allowances on that date to assist them in completing their training program as provided by section 233(a)(1) of the Trade Act.

Reason for changes.—The 60-day lag provided in the effective date for certain provisions of the act would allow time for the Department of Labor to make needed procedural changes and conduct the training necessary to effectuate the amended provisions of the Trade Act.

III. Regulatory Impact of the Bill

In compliance with paragraph 5 of rule XXIX of the Standing Rules of the Senate, the committee states that the provisions of the bill should not result in new major and continuing regulatory activity. The revision of existing regulations to conform to new standards established by the act will not alter the regulatory impact of those existing regulations. The exchange of information required between the Secretaries of Labor and Commerce in sections 104 and 201 of this act will, in effect, reduce the amount of paperwork in administering the programs and avoid duplication of work which currently doubles the burden of reporting by applicants for program benefits.

IV. Vote of the Committee in Reporting the Bill

In compliance with section 133 of the Legislative Reorganization Act of 1946, the committee states that the bill was ordered reported by voice vote.

V. Budgetary Impact of the Bill

In compliance with section 252(a) of the Legislative Reorganization Act of 1970 and sections 308 and 403 of the Congressional Budget

Act, the following statements are made relative to the costs and budgetary impact of the bill.

The provisions of the bill do not provide new budget authority or tax expenditures. The bill would, however, increase new spending authority as defined in the Congressional Budget Act, by $0.1 billion in fiscal year 1980. This is consistent with the allocation for this program under the revised allocation report filed by the Committee on October 30, 1979, pursuant to section 302(b) of the Congressional Budget Act of 1974. The Committee accepts the estimates of the Congressional Budget Office on the impact of the bill. The report received by the committee from the Congressional Budget Office is included in this report.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., October 26, 1979.

Hon. RUSSELL B. LONG,
Chairman, Committee on Finance, U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 1543, a bill to improve the operation of the adjustment assistance programs for workers and firms under the Trade Act of 1974.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

JAMES BLUM
(For Alice M. Rivlin, Director).

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

OCTOBER 26, 1979.

1. Bill Number: H.R. 1543.

2. Bill title: To improve the operation of the adjustment assistance programs for workers and firms under the Trade Act of 1974.

3. Bill status: As ordered reported by the Senate Committee on Finance on October 23, 1979.

4. Bill purpose:

Title I.—Title I of this bill makes a number of changes relating to worker adjustment assistance. It would provide retroactive eligibility for workers who had previously applied and had been refused benefits because the petition was filed more than one year after separation, if the petition was filed before November 1977. It would authorize the Secretary of Labor to file petitions on behalf of groups of workers, permit worker certification on the basis of a "threat" of declining sales and/or production of the firm, and enable certification of workers in certain firms that supply goods or services essential to the production, storage, or transport of import-impacted articles to import-impacted firms, if the supplying firm meets the other certification criteria. It would require the Secretary of Labor to provide information to workers in any industry about program benefits and assistance in preparing petitions, extend the benefit period to trainees by 26 weeks to a maximum period of 104 weeks, and provide for experimental training

voucher demonstration projects in trade-impacted areas. It would permit applications of job search and relocation allowances prior to layoff to extend the application time limit, and increase job search and relocation allowances to 100 percent of a worker's necessary job search expenses up to a maximum of $600. Finally, it would provide an additional 26 weeks of benefits to older workers over age 60 beyond the 78 weeks available to them under existing law for a maximum benefit period of 104 weeks and expand coverage of workers laid off as "bumpers" through exercise of union seniority rights.

Title II.—Title II amends the adjustment assistance programs for firms dislocated as a result of federal government policies to encourage increased foreign trade. Adjustment assistance coverage would be extended to firms which supply component parts or other articles or services essential to the production, transport, or storage of import-impacted articles. Title II would also provide pre-certification technical assistance to firms to prepare petitions to the Department of Commerce (DOC) asking for assistance. The assistance would be provided only to firms unable to prepare their economic adjustment plans without help. The share of the Government cost of technical assistance would increase from the current level of 75 percent to 90 percent.

In addition, this title sets the interest rate for direct loans at the lower of either (1) the cost of borrowing under current law with the administrative surcharge removed or (2) the average annual interest rate on all United States interest-bearing obligations which form part of the public debt plus one-quarter of one percent per year. It also raises the present ceiling on direct loans from $1 million to $3 million and the limit on loan guarantees from $3 million to $5 million. Title II authorizes interest rate subsidies to reduce interest paid by borrowers on guaranteed loans to rates comparable with direct loans, with the subsidy limited to a maximum of four percentage points.

Title III.—Title III authorizes the Secretaries of Labor and Commerce to make grants to labor and industry associations for industry-wide technical assistance.

5. Cost estimate: The total budget impact of the funding authorized or directly resulting from this bill is shown in the following table, with a more detailed analysis following.

[By fiscal year, in millions of dollars]

	1980	1981	1982	1983	1984
Estimated budget authority/authorization level	150.6	183.7	213.2	78.0	----------
Estimated outlays	145.2	173.6	197.5	85.3	—1.9

Title I.—This bill would result in additional future Federal liabilities through an extension of existing entitlements that would require subsequent appropriation action to provide the necessary budget authority. The figures shown as "Required Budget Authority" represent an estimate of the additional budget authority needed to cover the estimated outlays that would result from enactment of H.R. 1543.

In addition, there is an explicit authorization level in Title I to cover experimental training projects in fiscal years 1980 and 1981. The estimate assumes that these authorization levels are fully appropriated.

AMOUNTS SUBJECT TO APPROPRIATION ACTION

[By fiscal years, in millions of dollars]

	1980	1981	1982	1983	1984
Required budget authority	131.5	145.4	156.6	78.0	.....
Estimated outlays	131.5	145.4	156.6	78.0	.....
Authorization level	1.5	1.5	.....	.....	.....
Estimated outlays	1.5	1.5	.....	.....	.....

The costs of Title I fall within budget function 600.

Titles II and III.—Titles II and III authorize a number of changes in adjustment assistance programs for firms and related activities. The projected budget impact of these changes is summarized below:

[By fiscal years, in millions of dollars]

	1980	1981	1982	1983	1984
Estimated authorization level	17.6	36.8	56.6	.....	.....
Estimated outlays	12.2	26.7	40.9	7.3	−1.9

The budget impact of Titles II and III falls primarily within budget function 450.

The costs of loan programs differ from the direct budget impact of such programs. These costs consist of administrative expenses, interest subsidies, and defaults, offset by interest repayments. The cost of a grant program (e.g., Title III) is identical to the outlay impact. The estimated cost of Titles II and III is summarized below (by fiscal years).

Estimated cost:	*Millions*
1980	$3.9
1981	8.1
1982	12.2
1983	5.0
1984	2.9

There are major uncertainties concerning international markets that could dramatically increase the cost of the basic trade adjustment assistance program and the incremental costs of this legislation. In particular, it is very difficult to measure the impact the recent multilateral trade negotiations will have upon workers and firms adversely affected by increased foreign imports. Also, a recent economic forecast by CBO predicts significant increases in the U.S. unemployment rate. This could add to the costs of this legislation, but we are unable to quantify the potential impact.

6. Basis of estimate: For the purpose of this estimate, it is assumed that this bill will take effect around the end of calendar year 1979.

Title I.—In Title I, the provision with the largest anticipated cost impact per year is the extension of eligibility to workers in firms supplying components or services to plants impacted by increased imports. The costs attributable to this provision would depend on the number of supplying firms, the number of workers in these firms, the percent of the eligible pool certified and the cost per beneficiary. There are no data readily available that permit exact identification of sales

to trade-impacted industries on a firm-by-firm basis. The Department of Labor (DOL) is undertaking a major effort to estimate the costs of this provision. A DOL spokesman has testified in hearings before the Trade Subcommittee that this provision could cost $100 million in 1980. While this estimate is very rough, CBO has no reason to doubt the estimate.

Based on DOL data, it is estimated that non-recurring costs for fiscal year 1980 for retroactive eligibility of workers will be $30 million, the experimental training voucher demonstration projects will cost $1.5 million in fiscal year 1980 and fiscal year 1981, the addition of sick leave and vacation to the 26-week eligibility criterion will add $25 million in fiscal year 1980 and the time extension of applications for job search and relocation allowances and increase of maximum allowance will cost $6.2 million in fiscal year 1980.

CBO has updated DOL estimates for fiscal year 1979 to 1980 by inflating the changes expected in the Consumer Price Index. Using this methodology, CBO estimates the fiscal year 1980 cost of extending the benefit period to trainees by 26 weeks will be $2.1 million and the costs of expanding coverage of workers laid off as "bumpers" will be $0.5 million. For fiscal year 1980, the full-year costs have generally been reduced by 25 percent to reflect a December enactment date.

Title II.—The DOC administers an adjustment assistance program for U.S. firms adversely affected by increased foreign trade. An estimated growth of 50 percent in the number of petitions filed is projected as a result of the expanded eligibility requirements provided by H.R. 1543. Since authorization for this program expires in fiscal year 1982, costs and outlays in fiscal years 1983 and 1984 reflect only those obligations incurred by fiscal year 1982. Outlays for Titles II and III have been adjusted downward for fiscal year 1980 to reflect phasing-in of the expanded program.

Based on current DOC certification data and an estimated increase in the rate of petitions filed of 50 percent, it is estimated that approximately three-fourths of the firms that petition will be certified within three years.

Technical assistance is available to firms prior to and after certification. Title II would increase the Government share of the cost of technical assistance from 75 percent to 90 percent for eligible firms. It is assumed that one-half of the certified firms will receive technical assistance at an estimated $100,000 per firm including administrative costs. Costs in fiscal years 1981 and 1982 are assumed to increase as a result of inflation. Funds are assumed to be obligated in the year of certification, and outlays from obligated funds are estimated to be 75 percent the first year and 25 percent the second year. On this basis, additional outlays are projected to be $1.6 million in fiscal year 1980; $4.1 million in fiscal year 1981; $7.6 million in fiscal year 1982; and $1.8 million in fiscal year 1983.

In addition to technical assistance, financial assistance is available to firms certified as actually impacted under this title. Title II amends the direct loan program by raising the loan ceiling from $1 million to $3 million available to any one firm and by revising the interest rate charged on direct loans. The rate of interest for all direct loans (retroactive to October 31, 1977) would be the lower of the following two

rates, as determined by the Secretary of the Treasury: (1) the current average market yield on outstanding marketable U.S. obligations of comparable maturity; or (2) the average annual interest rate on all U.S. interest-bearing obligations plus one-quarter of one percent per year. The outstanding loan balance as of October 31, 1977, could be adjusted to reflect the retroactive change in interest rate. Under Title II, the guaranteed loan program would provide interest rate subsidies (to a maximum of 4 percentage points) to reduce interest paid by borrowers to rates comparable to direct loans. The guarantee loan ceiling would be raised from $3 million to $5 million for any one firm.

The potential budget impact for financial assistance requires measuring not only the outlays associated with the expanded coverage provided by the legislation, but also the increase in the average loan size resulting from greater demand because of the higher loan ceilings and interest subsidies. Firms currently receiving assistance and those eligible in the future may now be interested and qualify for larger loans, thereby increasing the average loan size.

It is assumed that one-half of the additional firms certified under Title II will receive financial assistance within three years, with a 1 to 1 ratio of direct loans to guarantee loans. In addition, it is estimated that of the firms eligible under current guidelines, 40 percent are or would be at the current direct loan ceiling, and 10 percent at the current guarantee loan ceiling level. If H.R. 1543 were passed, it is estimated that one-half of those firms would request larger loans, increasing the average size of direct loans to currently certified firms by $400,000 and the average size of the guarantee loans by $500,000 (at fiscal year 1980 levels). These averages are assumed to increase throughout the projection period as a result of inflation.

In projecting outlays for direct loans through fiscal year 1984, it is assumed that the average applicable Treasury rate is 8½ percent, which reflects the estimated average interest rate on all U.S. interest-bearing obligations forming a part of the public debt, plus one-quarter of one percent per year. The average loan maturity is estimated to be ten years. Disbursements are estimated to be 75 percent the first year and 25 percent the second year. Repayments are derived from annuity tables. The amount and timing of losses and repurchase rates are based on Small Business Administration loan programs.

Costs of the loan program consist of administrative costs, losses, repurchase of guarantee loans, and the interest subsidy provided under Title II, less interest repayments. Estimated outlays and costs for financial assistance are summarized below:

[By fiscal years, in millions of dollars]

	1980	1981	1982	1983	1984
Estimated outlays:					
Direct loans	8.4	18.4	27.7	1.2	−5.1
Guarantee loans	0.1	.4	1.7	3.3	3.4
Total estimated outlays	8.5	18.8	29.4	4.5	−1.7
Estimated cost:					
Direct loans	.1	−.2	−1.0	−1.1	−.4
Guarantee loans	.1	.4	1.7	3.3	3.4
Total estimated cost	.2	.2	.7	2.2	3.0

Title III.—Title III authorizes the DOL and DOC to make grants available to labor and industry for economic efficiency studies, and authorizes the appropriation of such sums as may be necessary for this purpose (with total spending limited to no more than $4 million per year). It is assumed that $1 million will be appropriated in fiscal year 1980, and $2 million in both fiscal years 1981 and 1982 for both DOL and DOC for this purpose. Spendout rates are estimated at 75 percent the first year and 25 percent the second year.

7. Estimate comparison: None.

8. Previous CBO estimate: On February 22, 1979, CBO transmitted a cost estimate for H.R. 1543, as introduced, to the House Committee on Ways and Means. On March 20, 1979, CBO prepared a cost estimate on H.R. 1543, as ordered reported by the House Committee on Ways and Means. Costs for each version of the bill vary because of changes in eligibility and interest rate provisions. In this estimate the fiscal year 1980 estimates have also been adjusted to reflect a December enactment date.

9. Estimate prepared by: Mary Maginniss and Charles Seagrave.

10. Estimate approved by:

JAMES L. BLUM,
Assistant Director for Budget Analysis.

VI. CHANGES IN EXISTING LAW

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown below (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TRADE ACT OF 1974

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TITLE II—RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION

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CHAPTER 2—ADJUSTMENT ASSISTANCE FOR WORKERS

Subchapter A—Petitions and Determinations

SEC. 221. PETITIONS.

[(a) A petition for a certification of eligibility to apply for adjustment assistance under this chapter may be filed with the Secretary of Labor (hereinafter in this chapter referred to as the "Secretary") by a group of workers or by their certified or recognized union or other duly authorized representative. Upon receipt of the petition, the Secretary shall promptly publish notice in the Federal Register that he has received the petition and initiated an investigation.]

(a) A petition for a certification of eligibility to apply for adjustment assistance under this chapter—

(1) may be filed with the Secretary of Labor (hereinafter in this chapter referred to as the "Secretary") by any group of workers by their certified or recognized union or other duly authorized representative; or

(2) may be filed by the Secretary on behalf of any group of workers.

Upon the filing of a petition under paragraph (1) or (2), the Secretary shall promptly publish notice in the Federal Register that the filing has been made and that the Secretary has initiated an investigation.

* * * * * * *

SEC. 222. GROUP ELIGIBILITY REQUIREMENTS.

The Secretary shall certify a group of workers as eligible to apply for adjustment assistance under this chapter if he determines—

(1) that a significant number or proportion of the workers in such workers' firm or an appropriate subdivision of the firm have become totally or partially separated, or are threatened to become totally or partially separated,

(2) that sales or production, or both, of such firm or subdivision have decreased absolutely, *or threaten to decrease absolutely*, and

[(3) that increases of imports of articles like or directly competitive with articles produced by such workers' firm or an appropriate subdivision thereof contributed importantly to such total or partial separation, or threat thereof, and to such decline in sales or production.]

(3) that increases of imports of articles like or directly competitive with articles—

(A) which are produced by such workers' firm or appropriate subdivision thereof, or

(B) to which such workers' firm or appropriate subdivision thereof provides essential parts or essential services,

contributed importantly to such total or partial separation, or threat thereof, and to such decline in sales or production, or threat thereof.

For purposes of paragraph (3), the term "contributed importantly" means a cause which is important but not necessarily more important than any other cause.

SEC. 223. DETERMINATIONS BY SECRETARY OF LABOR.

* * * * * * *

(d) In any case in which the Secretary of Commerce notifies the Secretary that a petition has been filed under section 251 by any firm or its representative, if a petition has been filed under section 221 regarding any group of workers of such firm, the Secretary, notwithstanding any other provision of law, shall promptly provide to the Secretary of Commerce any data and other information obtained by the Secretary in taking action on the petition which would be useful to the Secretary of Commerce in making a determination under section 251 with respect to the firm.

(e) If any certification issued under subsection (a) is based upon a determination made pursuant to section 222(2) that the production or sales, or both, of the firm or subdivision concerned threaten to decrease absolutely, no adjustment assistance under this chapter shall be provided to any worker covered by such certification until after the date on which the Secretary determines pursuant to such section that the production or sales, or both, of such firm or subdivision have decreased absolutely.

[(d)] *(f)* [Whenever the Secretary determines, with respect to any certification of eligibility of the workers of a firm or subdivision of the firm, that total or partial separations from such firm or subdivision are no longer attributable to the conditions specified in section 222, he shall terminate such certificates and promptly have notice of such termination published in the Federal Register together with his reasons for making such determination. Such termination shall apply only with respect to total or partial separations occurring after the termination date specified by the Secretary.]

Whenever the Secretary determines, with respect to any certification of eligibility of the workers of a firm or subdivision of the firm, that total or partial separations from such firm or subdivision are no longer attributable to the conditions specified in section 222, he shall terminate or suspend such certification and promptly have notice of

such termination or suspension published in the Federal Register together with his reasons for making such determination. Such termination or suspension shall apply only with respect to total or partial separations occurring after the termination or suspension date specified by the Secretary. In the case of a suspension, the Secretary shall reinstate the operation of the certification as of the date on which he determines that total or partial separations are again attributable to the conditions specified in section 222, or that the conditions warranting the suspension no longer exist."

SEC. 224. STUDY BY SECRETARY OF LABOR WHEN INTERNATIONAL TRADE COMMISSION BEGINS INVESTIGATION[; ACTION WHERE THERE IS AFFIRMATIVE FINDING].

(a) Whenever the International Trade Commission (hereafter referred to in this chapter as the "Commission") begins an investigation under section 201 with respect to an industry, the Commission shall immediately notify the Secretary of such investigation, and the Secretary shall immediately begin a study of—

(1) the number of workers in the domestic industry producing the like or directly competitive article who have been or are likely to be certified as eligible for adjustment assistance, and

(2) the extent to which the adjustment of such workers to the import competition may be facilitated through the use of existing programs.

(b) The report of the Secretary of the study under subsection (a) shall be made to the President not later than 15 days after the day on which the Commission makes its report under section 201. Upon making his report to the President, the Secretary shall also promptly make it public (with the exception of information which the Secretary determines to be confidential) and shall have a summary of it published in the Federal Register.

[(c) Whenever the Commission makes an affirmative finding under section 201(b) that increased imports are a substantial cause of serious injury or threat thereof with respect to an industry, the Secretary shall make available, to the extent feasible, full information to the workers in such industry about programs which may facilitate the adjustment to import competition of such workers, and he shall provide assistance in the preparation and processing of petitions and applications of such workers for program benefits.]

SEC. 225. BENEFIT INFORMATION TO WORKERS.

The Secretary shall provide full information to workers about the benefit allowances, training, and other employment services available under this chapter, and under other Federal programs, which may facilitate the adjustment of such workers to import competition. The Secretary shall provide whatever assistance is necessary to enable groups of workers to prepare petitions or applications for program benefits. The Secretary shall make every effort to insure that cooperating State agencies fully comply with the agreements entered into under section 239(a) and shall periodically review such compliance.

Subchapter B—Program Benefits

PART I—TRADE READJUSTMENT ALLOWANCES

SEC. 231. QUALIFYING REQUIREMENTS FOR WORKERS.

Payment of a trade readjustment allowance shall be made to an adversely affected worker covered by a certification under subchapter A who files an application for such allowance for any week of unemployment which begins after the date specified in such certification pursuant to section 223(a), if the following conditions are met:

(1) Such worker's last total or partial separation before his application under this chapter, occurred—

(A) on or after the date, as specified in the certification under which he is covered, on which total or partial separation began or threatened to begin in the the adversely affected employment, and

(B) before the expiration of the 2-year period (not including any time for which a certification is suspended pursuant to section 223(f)) beginning on the date on which the determination under section 223 was made, and

(C) before the termination date (if any) determined pursuant to section 223(*f*); [and]

(*D*) *before or after any period of suspension determined pursuant to section 223 (f); and.*

[(2) Such worker had, in the 52 weeks immediately preceding such total or partial separation, at least 26 weeks of employment at wages of $30 or more a week in adversely affected employment with a single firm or subdivision of a firm, or, if data with respect to weeks of employment are not available, equivalent amounts of employment computed under regulations prescribed by the Secretary.]

(*2*) *Such worker had, in the 52-week period ending with the week in which such total or partial separation occurred—*

(*A*) *at least 26 weeks of employment at wages of $30 or more a week in one or more firms or appropriate subdivisions thereof with respect to each of which a certification has been made under section 223 and which is in effect on the date of separation, or if data with respect to weeks of employment with a firm are not available, equivalent amounts of employment computed under regulations prescribed by the Secretary, or*

(*B*) *an employer-employee relationship for at least 26 weeks with a job or jobs in one or more firms or appropriate subdivisions thereof with respect to each of which a certification has been made under section 223 and which is in effect on the date of separation, and which shall include weeks or equivalent amounts described in subparagraph (A), and weeks in which the worker is on employer-authorized paid leave for purposes of vacation, sickness, maternity, inactive duty or active duty military service for training, or servce as a representative of a labor organization.*

SEC. 232. WEEKLY AMOUNTS.

* * * * * * *

(f) The amount of any weekly payment to be made under this section which is not a whole dollar amount shall be rounded upward to the next higher whole dollar amount.

(g) The weekly amount of trade readjustment allowances determined under subsections (a) and (f) for an individual with respect to the individual's first qualifying total or partial separation under a certification covering the individual, shall remain fixed for all applications for trade readjustment allowances filed by the individual with respect to that certification, except for weeks of unemployment for which a higher amount may be computed under subsection (b) and for any recomputation under this section because of a change in the average weekly manufacturing wage.".

SEC. 233. TIME LIMITATIONS ON TRADE READJUSTMENT ALLOWANCES.

(a) Payment of trade readjustment allowances shall not be made to an adversely affected worker for more than 52 weeks, except that, in accordance with regulations prescribed by the Secretary—

(1) such payments may be made for not more than [26] *52* additional weeks to an adversely affected worker to assist him to complete training approved by the Secretary, or

[(2) such payments shall be made for not more than 26 additional weeks to an adversely affected worker who had reached his 60th birthday on or before the date of total or partial separation.]

(2) such payments shall be made for not more than 26 additional weeks to an adversely affected worker who is not receiving payments under paragraph (1) and has attained age 60 on or before the date of total or partial separation, except that if payment is made for the 26th additional week and such worker has not attained age 62 before the close of such week, such payments shall be made for not more than the number of weeks occurring during the period beginning with the week after such 26th additional week and ending with, but including, the week in which the worker attains age 62.

In no case may an adversely affected worker be paid trade readjustment allowances for more than [78] *104* weeks.

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PART II—TRAINING AND RELATED SERVICES

* * * * * * *

SEC. 236A. EXPERIMENTAL TRAINING PROJECTS.

(a) The Secretary shall establish a program of experimental, developmental, demonstration, or pilot projects, through grants to, or contracts with, public agencies or private nonprofit organizations, or through contracts with other private organizations, for the purpose of improving techniques, and demonstrating the effectiveness, of specialized methods in meeting the employment and training problems of workers displaced by import competition. One such specialized method shall be the provision of certificates or vouchers to workers entitling employers and institutions to payment for on-the-job training, institutional training, or services provided by them to workers.

(b) The Secretary shall carry out program projects under this section only within political subdivisions of States with respect to which the Secretary finds that—

(1) a significant number or proportion of the workers within the political subdivision have become totally or partially sepa-

rated, or are threatened to become totally or partially separated; and

(2) increases in imports of articles like or directly competitive with articles produced by firms and subdivisions thereof located within the political subdivision have contributed importantly to the total or partial separations, or threats thereof, referred to in paragraph (1).

For purposes of paragraph (2), the term "contributed importantly" means a cause which is important but not necessarily more important than any other cause.

(c) Participation by any worker in a program project established under subsection (a) shall be on a voluntary basis; except that a worker may not be selected by the Secretary for participation unless the worker is, at the time of his application for participation—

(1) covered by a certification issued under section 223 relating to employment or former employment within the political subdivision in which the project will be undertaken; or

(2) if not so covered, is—

(A) included within a group of workers for which a petition has been filed under section 221 and on which a determination under section 223 is pending, and

(B) totally or partially separated from employment within such political subdivision.

The Secretary shall select workers for participation in a program project on such basis as the Secretary deems appropriate to carry out the purposes of this section, but such selections shall be made in a manner so as to insure that each project undertaken includes workers who represent diverse skill levels and occupations within the political subdivision concerned.

(d) Grants made, and contracts entered into, by the Secretary under this section shall be subject to such terms and conditions as the Secretary deems necessary and appropriate to protect the interests of the United States. The authority of the Secretary to enter into contracts under this section shall be effective for any fiscal year only to such extent, and in such amounts, as are provided in appropriation Acts.

(e) Section 239(c) shall apply in the case of any individual in training under a project undertaken pursuant to this section with respect to entitlement to unemployment insurance otherwise payable to such individual. The agreement under section 239 with any State shall be modified to effect the purposes of this section, if the State deems such a modification to be necessary.

(f) Not later than March 1, 1982, the Secretary shall submit to Congress a report setting forth a descripition and evaluation of the effectiveness of the projects implemented under the program established under subsection (a), together with such recommendations as the Secretary may have for implementing on a permanent basis those methods used in the program which have proven most effective.

(g) For purposes of carrying out this section, there are authorized to be appropriated to the Department of Labor not to exceed $1,500,000 for each of fiscal years 1980 and 1981.

PART III—JOB SEARCH AND RELOCATION ALLOWANCES

SEC. 237. JOB SEARCH ALLOWANCES.

(a) Any adversely affected worker covered by a certification under subchapter A of this chapter [who has been totally separated] may file an application with the Secretary for a job search allowance. Such allowance, if granted, shall provide reimbursement to the worker of [80] *100* percent of the cost of his *reasonable and* necessary job search expenses as prescribed by regulations of the Secretary; except that such reimbursement may not exceed [$500] *$600* for any worker, *and shall be reduced (but not below zero) by any amounts paid or to be paid by an employer for the same purpose.*

(b) A job search allowance may be granted only—

(1) to assist an adversely affected worker *who has been totally separated* in securing a job within the United States;

(2) where the Secretary determines that such worker cannot reasonably be expected to secure suitable employment in the commuting area in which he resides; and

[(3) where the worker has filed an application for such allowance with the Secretary no later than 1 year after the date of his last total separation before his application under this chapter or (in the case of a worker who has been referred to training by the Secretary) within a reasonable period of time after the conclusion of such training period.]

(3) where the worker has filed an application for such allowance with the Secretary before—

(A) the later of—

(i) the 365th day after the date of the certification under which the worker is eligible, or

(ii) the 365th day after the date of the worker's last total separation;

(B) if such worker is age 60 or older on the date of his last total separation, the later of—

(i) the 547th day after such date; or

(ii) the 547th day after the date of the certification under which the worker is eligible; or

(C) the 182d day after the concluding date of any training received by the worker, if the worker was referred to such training by the Secretary.

SEC. 238. RELOCATION ALLOWANCES.

(a) Any adversely affected worker covered by a certification under subchapter A of this chapter [who has been totally separated] may file an application with the Secretary for a relocation allowance, subject to the terms and conditions of this section, *if such worker was, or is, entitled to trade readjustment allowances under such certification and files such application before—*

(1) the later of—

(A) the 425th day after the date of the certification, or

(B) the 425th day after the date of the worker's last total separation;

(2) if such worker is age 60 or older on the date of his last total separation, the later of—

(A) the 547th day after such date, or

(B) the 547th day after the date of the certification; or

(3) the 182d day after the concluding date of any training received by such worker, if the worker was referred to such training by the Secretary.

* * * * * * *

[(c) A relocation allowance shall not be granted to such worker unless—

[(1) for the week in which the application for such allowance is filed, he is entitled to a trade readjustment allowance (determined without regard to section 232 (c) and (e)) or would be so entitled (determined without regard to whether he filed application therefor) but for the fact that he has obtained the employment referred to in subsection (b)(1), and

[(2) such relocation occurs within a reasonable period after the filing of such application or (in the case of a worker who has been referred to training by the Secretary) within a reasonable period after the conclusion of such training.

Under regulations prescribed by the Secretary, a relocation allowance shall not be granted to more than one member of the family with respect to the same relocation.]

(c) A relocation allowance shall not be granted to such worker unless his relocation occurs within 182 days before or after the filing of the application therefor or (in the case of worker who has been referred to training by the Secretary) within 182 days after the conclusion of such training.

(d) For the purposes of this section, the term "relocation allowance" means—

(1) [80] *100* percent of the reasonable and necessary expenses, as specified in regulations prescribed by the Secretary, incurred in transporting a worker and his family, if any, and household effects, *(which expenses shall be reduced, but not below zero, by any amounts paid or to be paid by an employer for the same purposes)*, and

(2) a lump sum equivalent to three times the worker's average weekly wage, up to a maximum payment of [$500] *$600.*

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Subchapter C—General Provisions

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SEC. 245. CREATION OF TRUST FUND; AUTHORIZATION OF APPROPRIATIONS OUT OF CUSTOMS RECEIPTS.

(a) There is hereby established on the books of the Treasury of the United States a trust fund to be known as the "Adjustment Assistance Trust Fund" (referred to in this section as the "Trust Fund"). The Trust Fund shall consist of such amounts as may be deposited in it pursuant to the authorization contained in subsection (b). Amounts in the Trust Fund may be used only to carry out the provisions of this chapter (including administrative costs). The Secretary of the

Treasury shall be the trustee of the Trust Fund and shall report to the Congress not later than March 1 of each year on the operation and status of the Trust Fund during the preceding fiscal years.

(b) (1) There are hereby authorized to be appropriated to the Trust Fund, out of amounts in the general fund of the Treasury attributable to the collections of customs duties not otherwise appropriated, for each fiscal year ending after the date of the enactment of this Act, such sums as may be necessary to carry out the provisions of this chapter (including administrative costs) *other than section 236A.*

(2) There are authorized to be appropriated to the Trust Fund, for purposes of training (including administrative costs) under section 236 such sums as may be necessary.

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SEC. 247. DEFINITIONS.

For purposes of this chapter—

(1) The term "adversely affected employment" means employment in a firm or appropriate subdivision of a firm, if workers of such firm or subdivision are eligible to apply for adjustment assistance under this chapter.

[(2) The term "adversely affected worker" means an individual who, because of lack of work in adversely affected employment—

[(A) has been totally or partially separated from such employment, or

[(B) has been totally separated from employment with the firm in a subdivision of which such adversely affected employment exists.]

(2) The term "adversely affected worker" means an individual who—

(A) because of lack of work in adversely affected employment, has been totally or partially separated from such employment;

(B) has been totally separated from other employment with a firm, in which adversely affected employment exists, within 190 days after being transferred from work in adversely affected employment in the firm because of lack of work; or

(C) has been totally separated from other employment in a firm in which adversely affected employment exists as the result of—

(i) the transfer of an individual from such adversely affected employment because of lack of work, or

(ii) the reemployment of an individual who was totally separated from such adversely affected employment, if the reemployment occurs within the 190-day period beginning on the date of such separation.

(3) The term "appropriate subdivision" means—

(A) any establishment or, where appropriate, any group of establishments operating as an integrated production unit or engaging in an integrated process, which is within any multiestablishment firm; or

(B) any distinct part or section of any establishment which is within any firm, whether or not such firm is a multiestablishment firm.

[(3)] *(4)* The term "average weekly manufacturing wage" means the national gross average weekly earnings of production workers in manufacturing industries for the latest calendar year (as officially published annually by the Bureau of Labor Statistics of the Department of Labor) most recently published before the period for which the assistance under this chapter is furnished.

[(4)] *(5)* The term "average weekly wage" means one-thirteenth of the total wages paid to an individual in the high quarter. For purposes of this computation, the high quarter shall be that quarter in which the individual's total wages were highest among the first 4 of the last 5 completed calendar quarters immediately before the quarter in which occurs the week with respect to which the computation is made. Such week shall be the week in which total separation occurred, or, in cases where partial separation is claimed, an appropriate week, as defined in regulations prescribed by the Secretary.

[(5)] *(6)* The term "average weekly hours" means the average hours worked by the individual (excluding overtime) in the employment from which he had been or claims to have been separated in the 52 weeks (excluding weeks during which the individual was sick or on vacation) preceding the week specified in the last sentence of paragraph (4).

(7) (A) The term "firm" includes any of the following entities (regardless of whether any such entity is under a trustee in bankruptcy or receivership under court decree):

(i) Individual proprietorship.
(ii) Partnership.
(iii) Joint venture.
(iv) Association.
(v) Corporation (including any development corporation).
(vi) Business trust.
(vii) Cooperative.

(B) Any firm, together with any—

(i) predecessor in interest,
(ii) successor in interest, or
(iii) other affiliated firm (if both such firms are controlled or substantially beneficially owned by substantially the same persons),

may be considered to be a single firm for the purposes of this chapter.

[6] *(8)* The term "partial separation" means, with respect to an individual who has not been totally separated, that he has had—

(A) his hours of work reduced to 80 percent or less of his average weekly hours in adversely affected employment, and

(B) his wages reduced to 80 percent or less of his average weekly wage in such adversely affected employment.

[7] *(9)* The term "remuneration" means wages and net earnings derived from services performed as a self-employed individual.

[8] *(10)* The term "State" includes the District of Columbia and the Commonwealth of Puerto Rico; and the term "United

States" when used in the geographical sense includes such Commonwealth.

[9] (*11*) The term "State agency" means the agency of the State which administers the State law.

[10] (*12*) The term "State law" means the unemployment insurance law of the State approved by the Secretary of Labor under section 3304 of the Internal Revenue Code of 1954.

[11] (*13*) The term "total separation" means the layoff or severance of an individual from employment with a firm in which, or in a subdivision of which, adversely affected employment exists.

[12] (*14*) The term "unemployment insurance" means the unemployment insurance payable to an individual under any State law or Federal unemployment insurance law, including chapter 85 of title 5, United States Code, and the Railroad Unemployment Insurance Act.

[13] (*15*) The term "week" means a week as defined in the applicable State law.

[14] (*16*) The term "week of unemployment" means with respect to an individual any week for which his remuneration for services performed during such week is less than 80 percent of his average weekly wage and in which, because of lack of work—

(A) if he has been totally separated, he worked less than the full-time week (excluding overtime) in his current occupation, or

(B) if he has been partially separated, he worked 80 percent or less of his average weekly hours.

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CHAPTER 3—ADJUSTMENT ASSISTANCE FOR FIRMS

SEC. 251. PETITIONS AND DETERMINATIONS.

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(c) The Secretary shall certify a firm as eligible to apply for adjustment assistance under this chapter if he determines—

(1) that a significant number or proportion of the workers in such firm have become totally or partially separated, or are threatened to become totally or partially separated;

(2) that sales or production, or both, of such firm have decreased absolutely, [and] *or threaten to decrease absolutely*,

(3) that increases of imports of articles like or directly competitive with articles produced by such firm contributed importantly to such total or partial separation, or threat thereof, and to such decline in sales or production, *or the threat thereof.*

[For purposes of paragraph (3), the term "contributed importantly" means a cause which is important but not necessarily more important than any other cause.]

[(d) A determination shall be made by the Secretary as soon as possible after the date on which the petition is filed under this section, but in any event not later than 60 days after that date.]

(d) (1) The Secretary shall certify a firm as eligible to apply for adjustment assistance under this chapter if the Secretary determines—

(A) that not less than 25 percent of the total sales of such firm is accounted for by the provision to import-impacted firms of—

(i) any article (including, but not limited to, any component part) which is essential to the production of any import-impacted article,

(ii) any service which is essential to the production, storage, or transportation of any import-impacted article, or

(iii) any article and any service described in clauses (i) and (ii);

(B) that a significant number or proportion of the workers in such firm have become totally or partially separated, or are threatened to become totally or partially separated;

(C) that the sale or production, or both, of such firm have decreased absolutely, or threaten to decrease absolutely; and

(D) that the absolute decrease, or the threat thereof, in the sales or production, or both, by import-impacted firms of import-impacted articles, with respect to which such firm provides articles or services referred to in subparagraph (A), contributed importantly to the total or partial separation, or threat thereof, referred to in subparagraph (B) and to the decline in sales and production, or the threat thereof, referred to in subparagraph (C).

(2) For purposes of this subsection—

(A) The term "import-impacted article" means any article produced by an import-impacted firm, if such article is one with respect to which a determination under section 222(3) or subsection (c)(3) was made incident to the certification of the group of workers or firm concerned.

(B) The term "import-impacted firm" means—

(i) any firm or appropriate subdivision thereof the workers of which have been certified pursuant to section 223(a), or

(ii) any firm which has been certified pursuant to subsection (c).

(e) For purposes of subsections (c) and (d) the term "contributed importantly" means a cause which is important but not necessarily more important than any other cause.

(f) A determination shall be made by the Secretary as soon as possible after the date on which any petition is filed under this section, but in any event not later than 60 days after that date.

(g) In any case in which the Secretary of Labor notifies the Secretary that a petition has been filed under section 221 by the Secretary of Labor, any group of workers, their certified or recognized union, or other duly authorized representative, if a petition has been filed under subsection (a) regarding any firm in which such group of workers is, or was, employed, the Secretary, notwithstanding any other provision of law, shall promptly provide to the Secretary of Labor any data and other information obtained by the Secretary in taking action on the petition which would be useful to the Secretary of Labor in making a determination under section 223 with respect to the workers.

(h) If any cerification issued under this section is based upon a determination made pursuant to subsection (c)(2) or (d)(1)(C) that the production or sales, or both, of the firm concerned threaten to decrease absolutely, no technical assistance (other than assistance provided for in section 253(a)(1)) or financial assistance under this chapter shall be permitted to the firm by such certification until after the date on which the Secretary determines pursuant to such subsection that the production or sales, or both, of such firm have decreased absolutely.

SEC. 252. APPROVAL OF ADJUSTMENT PROPOSALS.

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[(c) In order to assist a firm which has been certified as eligible to apply for adjustment assistance under this chapter in preparing a viable adjustment proposal, the Secretary may furnish technical assistance to such firm.]

[(d)] *(c)* Whenever the Secretary determines that any firm no longer requires assistance under this chapter, he shall terminate the certification of eligibility of such firm and promptly have notice of such termination published in the Federal Register. Such termination shall take effect on the termination date specified by the Secretary.

SEC. 253. TECHNICAL ASSISTANCE.

(a) The technical assistance furnished under this chapter shall consist of—

(1) assistance to the firm in developing a proposal for its economic adjustment.

(2) assistance in the implementation of such a proposal, or

(3) both.

[(b) The] *(b)(1) Except as provided in paragraph (2); the* Secretary may provide to a firm certified under section 251, on such terms and conditions as he determines to be appropriate, such technical assistance as in his judgment will carry out the purposes of this chapter with respect to such firm.

(2) The Secretary shall provide technical assistance, on such terms and conditions as the Secretary determines to be appropriate, to any firm certified under section 251 for the purpose of assisting such firm in preparing a proposal for its economic adjustment, unless the Secretary determines, after consultation with the firm, that it is able to prepare such a proposal without such assistance. If technical assistance provided to a firm under this paragraph is furnished, pursuant to subsection (c), through any private individual, firm, or institution, the Secretary shall bear, subject to the 90-percent limitation in such subsection (c), that portion of the cost of such assistance which, in the judgment of the Secretary, the firm is unable to pay.

(c) The Secretary shall furnish technical assistance under this chapter through existing agencies and through private individuals, firms, and institutions. In the case of assistance furnished through private individuals, firms, and institutions (including private consulting services), the Secretary may share the cost thereof (but not more than [75] *90* percent of such cost may be borne by the United States).

SEC. 254. FINANCIAL ASSISTANCE.

(a) The Secretary may provide to a firm, on such terms and conditions as he determines to be appropriate, such financial assistance in the form of direct loans or guarantees of loans as in his judgment will materially contribute to the economic adjustment of the firm. The assumption of an outstanding indebtedness of the firm, with or without recourse, shall be considered to be the making of a loan of purposes of this section.

(b) Loans or guarantees of loans shall be made under this chapter only for the purpose of making funds available to the firm—

(1) for acquisition, construction, installation, modernization, development, conversion, or expansion of land, plant, buildings, equipment, facilities, or machinery, or

(2) to supply such working capital as may be necessary to enable the firm to implement its adjustment proposal.

(c) To the extent that loan funds can be obtained from private sources (with or without a guarantee) at the rate provided in the first sentence of section 255(b), no direct loan shall be provided to a firm under this chapter.

(d) With respect to any loan guaranteed under this section, the Secretary may, without regard to section 3679(a) of the Revised Statutes of the United States (31 U.S.C. 665(a)), contract to pay annually, for not more than 10 years, to or on behalf of the borrower an amount sufficient to reduce by up to 4 percentage points the interest paid by such borrower on such guaranteed loan. No payment under this subsection shall result in the interest rate paid by a borrower on any guaranteed loan being less than the rate of interest for a direct loan made under this section. The authority of the Secretary to enter into contracts under this section shall be effective for any fiscal year only to such extent, and in such amounts, as are provided in appropriation Acts.

SEC. 255. CONDITIONS FOR FINANCIAL ASSISTANCE.

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(b) The rate of interest on loans which are guaranteed under this chapter shall be no higher than the maximum interest per annum that a participating financial institution may establish on guaranteed loans made pursuant to section 7(a) of the Small Business Act (15 U.S.C. 636(a)). [The rate of interest on direct loans made under this chapter shall be (i) a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity that are comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 percent, plus (ii) an amount adequate in the judgment of the Secretary to cover administrative costs and probable losses under the program.] *The rate of interest on direct loans made under this chapter shall be whichever of the following rates is lower:*

(1) A rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity that are comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 percent;

(2) A rate calculated by the Secretary of the Treasury to be the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date of the loan and adjusted to the nearest one-eighth of 1 percent, plus one-quarter of 1 percent per annum;

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[(h)(1) The aggregate amount of loans made to any firm which are guaranteed under this chapter and which are outstanding at any time shall not exceed $3,000,000.]

(h)(1) The outstanding aggregate liability of the United States at any time with respect to loans guaranteed under this chapter on behalf of any one firm shall not exceed $5,000,000.

(2) The aggregate amount of direct loans made to any firm under this chapter which are outstanding at any time shall not exceed [$1,000,000] *$3,000,000.*

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SEC. 264. STUDY BY SECRETARY OF COMMERCE WHEN INTERNATIONAL TRADE COMMISSION BEGINS INVESTIGATION[; ACTION WHERE THERE IS AFFIRMATIVE FINDING].

(a) Whenever the Commission begins an investigation under section 201 with respect to an industry, the Commission shall immediately notify the Secretary of such investigation, and the Secretary shall immediately begin a study of—

(1) the number of firms in the domestic industry producing the like or directly competitive article which have been or are likely to be certified as eligible for adjustment assistance, and

(2) the extent to which the orderly adjustment of such firms to the import competition may be facilitated through the use of existing programs.

(b) The report of the Secretary of the study under subsection (a) shall be made to the President not later than 15 days after the day on which the Commission makes its report under section 201. Upon making its report to the President, the Secretary shall also promptly make it public (with the exception of information which the Secretary determines to be confidential) and shall have a summary of it published in the Federal Register.

[(c) Whenever the Commission makes an affirmative finding under section 201(b) that increased imports are a substantial cause of serious injury or threat thereof with respect to an industry, the Secretary shall make available, to the extent feasible, full information to the firms in such industry about programs which may facilitate the orderly adjustment to import competition of such firms, and he shall provide assistance in the preparation and processing of petitions and applications of such firms for program benefits.]

SEC. 265. BENEFIT INFORMATION TO FIRMS.

The Secretary shall provide full information to firms about the technical and financial assistance available under this chapter, and under other Federal programs, which may facilitate the adjustment of such firms to import competition. The Secretary shall provide whatever assistance is necessary to enable firms to prepare petitions for certifications of eligibility.

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CHAPTER 5—MISCELLANEOUS PROVISIONS

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SEC. 281. COORDINATION.

[There is established the Adjustment Assistance Coordinating Committee to consist of a Deputy Special Trade Representative as Chairman, and the officials charged with adjustment assistance responsibilities of the Departments of Labor and Commerce and the Small Business Administration. It shall be the function of the Committee to coordinate the adjustment assistance policies, studies, and programs of the various agencies involved and to promote the efficient and effective delivery of adjustment assistance benefits.]

SEC. 281. ADJUSTMENT ASSISTANCE COORDINATION.

(a) There is established an Adjustment Assistance Coordinating Committee to consist of a Deputy Special Representative for Trade Negotiations as Chairman and the officials charged with adjustment assistance responsibilities of the Department of Labor, the Department of Commerce, and the Small Business Administration. It shall be the function of the Adjustment Assistance Coordinating Committee to coordinate the development and review of all policies, studies, and programs of the various agencies involved pertaining to the adjustment assistance of workers, firms, and communities to import competition for the purpose of insuring prompt, efficient, and effective delivery of adjustment assistance available under this title.

(b) There is established the Commerce-Labor Adjustment Action Committee (hereinafter referred to in this subsection as the "Committee") the members of which shall be officials charged with economic adjustment responsibilities in the Department of Commerce, the Department of Labor, and any other appropriate Federal agency. The chairmanship of the Committee shall rotate among members representing the Department of Commerce and the Department of Labor. In addition to any other function deemed appropriate by the Secretary of Commerce and the Secretary of Labor, the Committee shall facilitate the coordination between such departments in providing to trade-impacted workers, firms, and communities timely and effective assistance under this title (including, but not limited to, the implementation of sections 225 and 265) and under other appropriate programs administered by such departments. The Committee shall report quarterly on its activities to the Adjustment Assistance Coordinating Committee.

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SEC. 284. GRANTS TO LABOR ORGANIZATIONS.

(a) The Secretary of Labor may make grants to unions, employee associations, or other appropriate organizations for the purpose of enabling such organizations to carry out research on, and the development and evaluation of, issues relating to the design of an affective program of trade adjustment assistance for workers in industries in which significant numbers of the workers have been, or will likely be, certified as eligible for adjustment assistance. Such issues shall include, but not be limited to, the impact of new technologies on workers, the design of new workplace procedures to improve efficiency, the creation

of new jobs to replace those eliminated by foreign imports, and worker training and skill development. Any grant made under this section shall be subject to such terms and conditions as the Secretary deems necessary and appropriate. The Secretary of Labor may not expend more than $2,000,000 in any one year for grants under this section.

(b) There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. 285. GRANTS TO INDUSTRY ORGANIZATIONS.

(a) The Secretary of Commerce may make grants, on such terms and conditions as the Secretary of Commerce deems appropriate, for the establishment of industrywide programs for research on, and the development and application of, technology and organizational techniques designed to improve economic efficiency. Eligible recipients may be associations or representative bodies of industries in which a substantial number of firms have been certified as eligible to apply for adjustment assistance under section 251. The Secretary of Commerce may not expend more than $2,000,000 in any one year for grants under this section.

(b) There are authorized to be appropriated such sums as may be necessary and appropriate to carry out the purposes of this section.

SEC. 286. INDUSTRY STUDIES BY SECRETARY OF COMMERCE.

The Secretary of Commerce may conduct studies of those industries actually or potentially threatened by import competition. The purpose of such studies shall include—

(1) the identification of basic industrywide characteristics contributing to the competitive weakness of domestic firms;

(2) the analysis of all other considerations affecting the international competitiveness of industries; and

(3) the formulation of options for assisting trade impacted industries and member firms, including industrywide initiatives.

SEC. [284] *287.* EFFECTIVE DATE.

Chapters 2, 3, and 4 of this title shall become effective on the 90th day following the date of enactment of this Act and shall terminate on September 30, 1982.

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