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REPORT
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TRADE ADJUSTMENT ASSISTANCE AMENDMENTS

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

REPORT

[To accompany H.R. 11711]

The Committee on Finance to which was referred the bill (H.R. 11711) 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. 11711, 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 industry-wide studies and increased technical assistance.

The summary below outlines the principal features of the bill.

RETROACTIVE ELIGIBILITY FOR WORKERS 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 occured (1) more than 1 year before the date of the petition leading to the certification, or (2) before July 2, 1974. H.R. 11711 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 petition

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was filed between October 3, 1974, and November 1, 1976, 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. The bill would also permit, for a 6-month period, any group of workers to file a petition for certification of eligibility to apply for adjustment assistance if the group was separated from employment after October 3, 1974, and before November 1, 1976, and did not file a petition between April 2, 1975, and November 1, 1976. This provision is intended to provide trade adjustment assistance to workers who were unaware of the program established under the Trade Act of 1974 or were unaware of the provision in that Act which denies benefits to any worker is 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 considers or reconsiders.

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 such 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. 11711, eligibility to apply for adjustment assistance would be extended to workers for firms whose sales or production "threaten" to decline absolutely. However, benefits would not become payable until the actual decline in sales as production took place. Eligibility would also be extended to workers for firms which do not produce articles like or directly competitive with imports but which do supply articles or services to firms affected by imports. The supplying firm would have to supply not less than 25 percent of its total sales, production, or services to an import-impacted 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. 11711, an alternative employment test of at least 40 weeks of employment in the 104 weeks immediately preceding lay-off would be established. Furthermore, employment with several firms could qualify a worker for assistance.

TIME LIMITATION ON WORKER BENEFITS

Under present law, a worker can receive trade adjustment 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. 11711, 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, firms supplying component parts to firms impacted by imports are not eligible for adjustment assistance on the basis of the eligibility of the firm to which parts are supplied. H.R. 11711, as amended, would extend adjustment assistance to firms which, under specified conditions, supply component parts or other articles essential to the production, transport or storage of import-impacted articles.

FINANCIAL ASSISTANCE TO FIRMS

Financial assistance to firms under present law is improved under the bill. 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; the ceiling on direct loans to any firm would be raised from one to three million dollars; the ceiling on Government 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 July 2, 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 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, and

(2) The eligibility for adjustment assistance of any worker who is covered by a certification issued on the basis of a petition filed 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.

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 between April 2, 1975 (the effective date of the program), and November 1, 1977. The petition would have to be filed within 6 months after the date of enactment of H.R. 11711.

For purposes of the reconsideration of a petition or application or consideration of a new petition under this section, a certification of eligibility could 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. The date of an affirmative 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, 1973.

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 filing.

Section 101 would prohibit the Secretary of Labor from paying or recomputing the amount of any trade adjustment 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 amendments.—The Committee amended section 101 to limit reconsideration of denied petitions and certifications to cases based on a petition filed before November 1, 1976. Consideration of new petitions would be limited to petitions filed by groups of workers laid off after October 3, 1974, and before November 1, 1976, if the group of workers did not file a petition after April 2, 1975, and before November 1, 1976.

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 either were not aware of the new program and did not file petitions or 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. Another 15,000 workers could have been covered by certifications if they had filed timely petitions.

The Committee has reduced the time period provided by the House for retroactive application of the section for two reasons: First, by November 1, 1976, the Trade Act of 1974 adjustment assistance program which went into effect April 2, 1975, was better publicized and more thoroughly understood. Second, the cost of providing retroactive application of the section to petitions filed before November 1, 1977, would have been $50 million. The Committee amendment could cover 13,000 workers at a one-time cost of $30 million.

Cost.—A one-time cost of approximately $30 million for fiscal year 1979.

2. FILING OF WORKER PETITIONS BY THE 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 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.

Cost.—Negligible.

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, workers totally or partially laid off or threatened by such layoff from a firm or subdivision thereof which supplies articles or services to, and is economically dependent upon, one or more "import-impacted firms" would be eligible for adjustment assistance. The term "import-impacted firm" would be defined as (1) any firm or appropriate subdivision thereof the workers of which have been certified by the Secretary of Labor as eligible to apply for adjustment assistance, or (2) any firm which has been certified under section 251 by the Secretary of Commerce as eligible to apply for adjustment assistance.

If a group of workers are laid off from a firm the products of which do not compete directly with imports, they will be eligible to apply for adjustment assistance only if the Secretary of Labor determines that—

1. No less than 25 percent of the total sales and/or production of the supplying firm or subdivision thereof is made to one or more "import-impacted firms." This 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," and/or one or more services which are essential to the production, storage, or transportation of any "import-impacted article." The term "import-impacted article" is defined as any article produced by an "import-impacted" firm with respect to which a determination has been made by the Secretary of Labor under section 222 or by the Secretary of Commerce under section 251.

2. A significant number or proportion of the workers is, or is threatened to be, totally or partially separated and there is an actual or threatened absolute decrease in the sales and/or production of the supplying firm or subdivision thereof.

3. The actual or threatened absolute decrease in sales and/or production of one or more import-impacted articles in import-impacted firms "contributed importantly" to the actual or threatened separations of workers and to the actual or threatened decline in sales and/or production of the supplying firm or subdivision. In other words, 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 connected with sales and/or production of the article or service provided by the supplying firm or subdivision. The term "contributed importantly" would be defined, as under present law, as "a cause which is important but not necessarily more important than any other cause."

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

Committee amendment.—The Committee modified the House bill effective date provision to make the new eligibility criteria apply to petitions filed after June 30, 1979.

Reason for change.—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 critiera 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.

Under the new supplying firm criteria for worker eligibility, the committee intends that a supplying firm or subdivision must provide an article which is essential to the production, *i.e.*, the fabrication, processing, transformation, or assembly, of an "import-impacted article." "Article" would include component parts of "import-impacted articles" or articles consumed in the production of, and which become an integral part of, and "import-impacted article." For example, an essential article could include 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. An essential article could also include machinery or equipment necessary to production of an "import-impacted article," such as textile printing plates, sewing machines for an apparel factory, rollers for a steel rolling mill, or a furnace for a glass plant.

The committee does not intend that the term "article" be construed for purposes of the supplying firm criteria to include articles which are related to but are not required for, or are not an integral part of, the production of an "import-impacted article." For example, the term would not include 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.

For purposes of the supplying firm critiera, 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 "import-impacted article." For example, services could include the engraving of copper rollers used to print fabric, the inspection, sponging and shrinking of fabric, the job shop galvanizing of metal objects, or the machining of metal parts. They could also include storage, transportation, or such other services as the shipment of new cars to dealers by common carriers, the delivery of iron ore to steel mills, or the warehousing of footwear.

The committee does not intend that the term "services" include services which are related to but not required for, or an integral part of, the production of an "import-impacted article." For example, the term would not include wholesaling, retailing, banking, insurance, or advertising services or utilities provided to an import-impacted firm or pertaining to an import-impacted article, nor would it include food, health, or sanitation services provided on a contract basis to the workers in the import-impacted firm.

The committee amendment would change existing law which permits workers producing component parts or providing services in integrated manufacturing companies to receive benefits but precludes certification of workers in independent companies providing the same components or services by contract. The committee does not intend that the inclusion of component parts or services with respect to eligibility for adjustment assistance have any effect whatsoever on current International Trade Commission (ITC) practice with respect to the scope of "like or directly competitive articles" in import relief cases. The terms "import-impacted article" and "import-impacted firm" carry no meaning beyond their use as defined terms for purposes of administering section 222(b). The committee also does not intend that certification of workers under section 222(b) in a firm or subdivision supplying articles or services to an "import-impacted firm" be considered to establish a causal link with increased imports for purposes of certifying in turn a chain of workers in other firms which provide components or services to the supplying firm, i.e., the supplying firm does not become an "import-impacted firm" unless its certification is under the criteria of existing law under section 222(a) rather than new subsection (b).

The committee amended the effective date for this provision of the House bill so that it would become effective with respect to petitions filed after June 30, 1979. This change would reduce the cost of that provision from $73 million for fiscal year 1979 to $18 million.

Cost.—Approximately $18 million for fiscal year 1979.

4. DETERMINATIONS BY SECRETARY OF LABOR (SECTION 104 OF THE BILL)

Present law.—No comparable provisions.

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 subsection (a) or (b) of section 222, as amended under the 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.

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.

Cost.—Negligible cost.

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.—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. 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 and 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.

Cost.—Negligible.

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. The House bill 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 qualify on the basis of 26 or 40 weeks of work whether that work is in "adversely affected employment" or in other employment with the affected firm.

The House bill would also eliminate the single firm requirement of the present law. Under the amendment, the 26 or 40 qualifying weeks may be with one or more firms or subdivisions thereof. To be counted among the 26 or 40 qualifying weeks, however, each week must be worked under an active certification (prior to the termination of the worker's separation with respect to which the determination is made as to whether the worker meets the qualifying number of weeks requirement).

Reason for change.—The amendment is intended to provide adjustment assistance for workers who, under present law, are unable to meet the 26 weeks of work requirement in the year immediately preceding layoff due to short, intermittent work periods as a plant begins to experience import impact and institutes shorter work schedules rather than immediate permanent layoffs of some of the labor force.

The amendment is also intended to allow more workers to qualify for trade readjustment allowances in industries typified by frequent temporary, total or partial layoffs (for example, workers in the textile or footwear industries) as long as their minimum 26 or 40 week attachment to the labor force has been in employment covered by an an active certification of eligibility to apply for trade adjustment assistance.

Cost.—Based on Department of Labor estimates, the annualized cost of the amendment under section 106 would be $16 million.

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.—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.

Cost.—Based on information from the Department of Labor, the committee estimates that if the increased eligibility during training is efficiently administered, its cost will be negligible. Its maximum possible annual cost would be $46.8 million. The committee estimates the annual cost for the older worker rules would be approximately $1 million.

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.—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 section 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, 1981, 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 1979 and 1980.

Committee amendment.—The committee amendment changes the fiscal years in which the monies authorized will be appropriated. As revised, the appropriations would be for fiscal years 1980 and 1981. The date by which the Secretary of labor must submit a report to Congress regarding the projects is changed to March 1, 1982, in order to conform that provision with the fiscal year changes.

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.

Cost.—$1.5 million is authorized to be appropriated to the Department of Labor for each of fiscal years 1980 and 1981.

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

Present law.—Under section 237 of the Trade Act of 1974, and "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 six months after the completion date of his training.

Reason for change.—This amendment 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 additonal 6-month application period for older workers in recognition of the special difficulties they may have in finding alternative employment opportunities.

Cost.—Based on information supplied by the Department of Labor, the committee estimates the cost of this section would be negligible.

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

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

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 and inflation since the enactment of the Trade Act of 1974.

Cost.—Based on information from the Department of Labor, the cost of this section would be negligible.

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 worker adjustment assistance program.

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 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 last "bumpee" in the chain who is immediately laid off 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 example, 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.

Cost.—Based on information from the Department of Labor, the committee estimates that it will cost $0.5 million to expand coverage of workers laid off as "bumpers" for fiscal year 1979.

12. ELIGIBILITY REQUIREMENTS FOR 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 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.—Section 201 of the House bill amends the eligibility requirements for firms under section 251 in two 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) No 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 threatened 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 the sales and/or production of the article or service provided by the supplying firm. The term "contributed importantly" means a cause which is important but not necessarily more important than any other cause.

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.

Committee amendment.—The committee revised the House bill by deleting the House provision permitting certification in cases where firms are threatened with a decline in sales or production. The committee also revised the House provision providing for certification of supplying firms. The committee amendment limits the supplier provision to firms which provide 50 percent of the articles they produce for use in the production of import-impacted articles by firms which have been certified under the Trade Act, and makes this provision effective July 1, 1979, instead of on the date of enactment.

Reasons for change.—With respect to the deletion regarding threatened declines in sales or production, the committee believes there would be extensive administrative difficulties in establishing that firms are threatened with a decline in sales or production. Moreover, it is likely that the provision would engender a number of premature firm certifications which would be a wasteful use of manpower and could, in turn, lead to unwarranted petitions for worker certification. The committee believes any small reduction in the period between petitioning for relief and the provision of adjustment assistance which would be achieved by the House amendment to present law would be more than offset by the problems mentioned.

Regarding the supplying firm provisions, the effect of incorporating a 25 percent test rather than a 50 percent test would be to aid those firms which have problems only tenuously related to changes in imports. The committee amendment would hold down the cost of the program while still providing program eligibility for independent suppliers that have been unquestionably impacted by import trade.

It is the committee intent that the Department of Commerce certify an independent supplying firm under the existing direct import competition criteria of section 251(c) of the Trade Act if imports of an article like or directly competitive with the component part it produces should increase, or under new section 251(d) as added by this bill on the basis of the firm's status as a supplier, whichever is more favorable to the firm's prospects for certification. 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.

Cost.—The committee estimates, based on information from the Department of Commerce, that the annual cost of the provisions amending eligibility requirements for firms, as amended by the committee, would be $5 million. Because the committee has established the effective date of the supplying firms provision to be July 1, 1979, the cost of these provisions is reduced to $1.3 million for fiscal year 1979.

13. 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 assist-

ance to a firm in prepraising 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.—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.

Reason 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.

Cost.—The committee, based on information from the Department of Commerce, estimates the annual cost of this provision to be $3 million.

14. 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.—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 present law, 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 of present law. 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.

Cost.—The committee, based on information from the Department of Commerce, estimates the cost of this section to be negligible.

15. 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.—Section 204 of the House bill would amend the conditions for financial assistance under section 255 by removing the surcharge added to the Treasury cost of borrowing under present law and by providing that the outstanding aggregate liability of 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. The new lower interest rate on direct loans resulting from removal of the surcharge 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 resulting from removal of the surcharge. Such an adjusted rate would apply to interest payments owning on a loan on or after October 31, 1977. The Treasury cost of borrowing itself would not be subject to adjustment.

Reason 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 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.

Cost.—The committee, based on information from the Department of Commerce, estimates the annual cost of this provision to be $10.2 million.

16. 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.—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.

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 competition. The Secretary of Commerce should provide such information and assistance to firms in any industry.

Cost.—Negligible.

17. 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.—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.

Cost.—Negligible.

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

Present law.—None.

House bill.—Section 302 of the House bill adds new provisions for industry-wide technical assistance and studies. 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 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 for fiscal years 1979 and thereafter.

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 industry-wide 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 for fiscal years 1979 and thereafter.

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 industry-wide 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 industry-wide initiatives.

Committee amendment.—The committee amended the House bill to provide that the authorization of funds contained in the House bill would be effective for only fiscal years 1980 and 1981.

Reason for change.—No authority presently exists for an industry-wide 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 assistance 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.

Cost.—The Committee estimates an outlay of approximately $4 million in each of fiscal years 1980 and 1981

19. EFFECTIVE DATES (SECTION 303 OF THE BILL)

Present law.—None.

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.

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 section 403 of the Congressional Budget Act, the following statements are made relative to the costs and budgetary impact of the bill. The fifth fiscal year estimate is not reported because the worker and firm adjustment assistance programs terminate on September 30, 1982, as provided under section 284 of the Trade Act of 1974.

On the basis of information and data submitted by the Department of Labor and the Department of Commerce, the committee estimates the following costs would be incurred in carrying out the bill, as amended:

	Millions
Estimated cost—Title I:	
Fiscal year:	
1979	$66.0
1980	92.0
1981	92.0
1982	90.5
Estimated cost—Title II:	
Fiscal year:	
1979	14.5
1980	18.2
1981	18.2
1982	18.2
Estimated cost—Title III:	
Fiscal year:	
1979	0
1980	4.0
1981	4.0
1982	4.0
Total cost of the bill, as amended:	
Fiscal year	
1979	80.5
1980	114.2
1981	114.2
1982	112.7

The estimated costs listed above for title I are based upon data supplied by the Department of labor and take into account the committee amendments of the bill. The estimated costs listed above for title II are based upon data supplied by the Department of Commerce and take into account committee amendments of the bill. In the light of the action to date on the tax cut bill, H.R. 13511, the committee concludes that there is ample allowance within the budgetary totals of the Second Concurrent Budget Resolution to accommodate the funding required by this bill. The provisions involving entitlement authority fall within the other income security category and can be accommodated within the c mmittee's allocation of budget totals in Senate Report 95–1270. The committee has requested a report on the bill, as amended, from the Congressional Budget Office. Because expedited filing of this report is required due to the closing of the legislative session, the CBO response has not been included in the report.

VI. CHANGES IN EXISTING LAW

In the opinion of the committee, it is necessary, in order to expedite the business of the Senate, to dispense with the requirements of subsection 4 of rule XXIX of the Standing Rules of the Senate (relating to the showing of changes in existing law made by the bill as reported).

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