



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

March 1, 2002

S. 1622

A bill to extend the period of availability of unemployment assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act in the case of victims of the terrorist attacks of September 11, 2001

As ordered reported by the House Committee on Transportation and Infrastructure on February 27, 2002

SUMMARY

S. 1622 would require the Federal Emergency Management Agency (FEMA) to extend the amount of time from 26 weeks to 52 weeks that individuals who lost their jobs as a result of the September 11, 2001, terrorist attacks would be eligible to receive disaster unemployment assistance. CBO estimates that extending the period of eligibility would cost the federal government about \$4 million, mostly in fiscal year 2002, assuming appropriation of the necessary amounts. Because S. 1622 would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

S. 1622 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1622 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

	By Fiscal Year, in Millions of Dollars					
	2002	2003	2004	2005	2006	2007

CHANGES IN SPENDING SUBJECT TO APPROPRIATION

Estimated Authorization Level	4	0	0	0	0	0
Estimated Outlays	3	1	0	0	0	0

BASIS OF ESTIMATE

For this estimate, CBO assumes S. 1622 will be enacted early in fiscal year 2002 and the necessary funds will be appropriated. Under current law, people who lose their jobs as a result of disasters and are not eligible for any other form of unemployment assistance are eligible to receive disaster unemployment assistance from FEMA for up to 26 weeks, though the average length of time for such assistance is 13 weeks. FEMA estimates that the total number of disaster unemployment assistance claims stemming from the September 11, 2001, terrorist attacks will be about 2,500. CBO expects that the total number of recipients receiving assistance would decrease each week by 5 percent over the 52-week period of eligibility. We estimate that, under this bill, the victims would receive an average rate of \$250 a week for an average of about 20 weeks.

Based on information from FEMA and information about the past costs of extending federal unemployment compensation, CBO estimates that extending the period of eligibility for disaster unemployment benefits would cost about \$4 million over the 2002-2007 period, assuming appropriation of the necessary funds. That is the difference between an estimated cost of about \$8 million for assistance up to 26 weeks (under current law) and an estimated cost of about \$12 million for extended assistance up to 52 weeks.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1622 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On December 6, 2001, CBO transmitted a cost estimate for S. 1622 as ordered reported by the Senate Committee on Environment and Public Works on November 8, 2001. The two versions of this legislation are identical, as are their estimated costs.

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