



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

October 12, 2001

H.R. 3008
**A bill to reauthorize the Trade Adjustment Assistance under
the Trade Act of 1974**

*As ordered reported by the House Committee on Ways and Means
on October 5, 2001*

SUMMARY

H.R. 3008 would extend the Trade Adjustment Assistance (TAA) programs for workers and for firms through fiscal year 2003. These programs expired at the end of fiscal year 2001. Relative to current law, extending those programs would cost about \$400 million a year for 2002 and 2003. However, the costs of extending TAA are assumed in CBO's estimates of baseline spending. Thus, enacting H.R. 3008 would have no effect on direct spending relative to the baseline.

The bill also would authorize grants in 2002 and 2003 for trade adjustment assistance. Assuming appropriation of the necessary amounts, CBO estimates that making such grants would cost \$18 million over the 2002-2006 period.

H.R. 3008 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Under voluntary agreements with the Secretary of Labor, states administer the trade adjustment assistance and transitional adjustment assistance programs in a manner similar to that of their unemployment insurance programs. Benefits for those programs are funded entirely by the federal government.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3008 is shown in the following table. The cost of this legislation falls within budget functions 450 (community and regional development), 500 (education, training, employment, and social services), and 600 (income security).

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

SPENDING SUBJECT TO APPROPRIATION^a

Trade Adjustment Assistance for Firms						
Estimated Authorization Level	10	10	0	0	0	0
Estimated Outlays	1	3	4	5	5	0

a. Although authorization for the TAA program expired at the end of fiscal year 2001, the costs of extending it are assumed in baseline as required under section 257 of the Balanced Budget and Emergency Deficit Control Act. H.R. 3008 would not increase costs relative to those already assumed in baseline: approximately \$400 million a year for 2002 and 2003.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 3008 will be enacted by November 1, 2001, and that the authorized amounts will be appropriated for each year.

Spending Subject to Appropriation

H.R. 3008 would authorize the Economic Development Administration (EDA) to make grants to firms for trade adjustment assistance and authorize the appropriation of such sums as necessary in 2002 and 2003 for such grants. Based on information from EDA, CBO estimates that this provision would authorize the appropriation of \$10 million in fiscal years 2002 and 2003 and would cost \$18 million over the five-year period.

Direct Spending

H.R. 3008 also would extend TAA and NAFTA TAA for workers through 2003. These programs provide extended unemployment compensation and training benefits for workers who lose their jobs as a result of increases in imports. CBO estimates that these programs would cost about \$400 million each year—about two-thirds of which would be extended unemployment benefits, with the remaining third in training benefits. The costs of these programs are assumed in baseline according to the rules established by the Balanced Budget and Emergency Deficit Control Act.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Such procedures would apply to H.R. 3008 because it would extend TAA and NAFTA TAA. However, because that spending is already included in baseline projections, there is no additional cost for pay-as-you-go purposes.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 3008 contains no intergovernmental mandates as defined in UMRA. Under voluntary agreements with the Secretary of Labor, states administer the trade adjustment assistance and transitional adjustment assistance programs in a manner similar to that of their unemployment insurance programs. Benefits for those programs are funded entirely by the federal government.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

This bill contains no private-sector mandates as defined in UMRA.

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