



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

March 11, 2003

**H.R. 444**  
**Back to Work Incentive Act of 2003**

*As ordered reported by the House Committee on Education and the Workforce  
on March 5, 2003*

**SUMMARY**

H.R. 444 would amend the Workforce Investment Act of 1998 (WIA) to create a grant program to help states create "personal reemployment accounts" for individuals who are likely to exhaust their unemployment compensation. This bill would authorize the appropriation of \$3.6 billion for fiscal year 2003. Assuming appropriation of the authorized amount, CBO estimates that enactment of this bill would increase spending by \$3.6 billion over the 2004-2005 period.

H.R. 444 contains no intergovernmental or private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 444 is shown in the following table. The cost of this legislation falls within budget function 500 (education, training, employment, and social services). For the purposes of this estimate, CBO assumes H.R. 444 will be enacted by the beginning of July 2003.

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	By Fiscal Year, in Millions of Dollars					
	2003	2004	2005	2006	2007	2008

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**CHANGES IN SPENDING SUBJECT TO APPROPRIATION**

Reemployment Accounts						
Authorization Level	3,600	0	0	0	0	0
Estimated Outlays	0	2,700	900	0	0	0

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## **BASIS OF THE ESTIMATE**

H.R. 444 would authorize the appropriation of \$3.6 billion in fiscal year 2003 for states to establish personal reemployment accounts for certain individuals who are likely to exhaust their unemployment benefits. These individuals could receive up to \$3,000 that could be used to assist with job training expenses or other employment-related needs, such as child care or transportation expenses. If the individual becomes employed within a certain period of time, he or she may be eligible to keep the unspent amount as a bonus. At state option, these funds may be used as cash assistance for individuals who have exhausted their right to unemployment compensation. For this estimate, CBO assumes that the authorized amount will be appropriated sometime this summer. The first grants to states would likely occur in fiscal year 2004.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 444 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. States that submit plans for the personal reemployment accounts program would receive grants from the Department of Labor for enhancing worker profiling systems and funding and operating the individual accounts. Any cost to states from participating in the program would be incurred voluntarily.

## **ESTIMATE PREPARED BY:**

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