

TRADE ACT AMENDMENTS OF 1981

MAY 15, 1981.—Ordered to be printed

Filed under authority of the order of the Senate of MAY 13, legislative day
APRIL 27, 1981

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

R E P O R T

[To accompany S. 1201]

The Committee on Finance reports an original bill to amend title II of the Trade Act of 1974.

I. SUMMARY

The committee bill would amend title II, chapter 2 of the Trade Act of 1974 with respect to adjustment assistance for workers by requiring a worker to exhaust all State unemployment insurance (UI) payments before receiving trade readjustment allowance (TRA) payments; by limiting the amount of TRA payments to State UI payment levels; by limiting the duration of TRA and UI payments to most workers to 52 weeks; by requiring increased efforts by beneficiaries to obtain appropriate work; by incorporating certain provisions of State unemployment insurance laws; by changing the trade impact certification standard; by broadening the authority to recover overpayments; and by strengthening the training, job search, and relocation aspects of the program.

II. GENERAL EXPLANATION

Background.—Trade adjustment assistance (TAA) for workers was originally authorized by the Trade Expansion Act of 1962 (TEA). The objective of the program was to provide adjustment assistance to workers adversely affected by import competition. Increases in imported goods can result in injury to domestic firms and the loss of jobs by U.S. workers. While such injury might be avoided by increased duties on the imported goods or other barriers to their importation, this import-relief response may not always be possible or desirable because of overall U.S. national policy and the requirements of international trade agreements. Assistance was available if it could be dem-

onstrated to the U.S. Tariff Commission (now the U.S. International Trade Commission) that increased imports resulting from trade concessions were the major factor causing or threatening to cause unemployment or underemployment of a significant number or proportion of the workers of a firm. Because this was difficult to prove, the Commission did not certify any workers until 1969. By fiscal year 1975 the annual cost of the program for workers was only \$14 million.

The Trade Act of 1974 broke the necessary connection between trade concessions and eligibility for TAA. It also changed the criteria for eligibility by requiring that, among other conditions, increased imports "contribute importantly" to threatened or actual job separation. These changes relaxed eligibility requirements significantly. Over 888,000 workers were certified in fiscal years 1975 through January 1981. In fiscal year 1976, 46,000 applicants received approximately \$70 million in benefits. In fiscal year 1980, 536,000 applicants received \$1.6 billion in benefits. It is estimated that the total cost of the program in fiscal year 1981 will exceed \$2.7 billion. Of this total, less than \$10 million will be spent on retraining unemployed workers.

Present Law.—Under present law a group of workers, their certified or recognized union, or other authorized representative may petition the Secretary of Labor for a certification of eligibility for worker adjustment assistance.

Workers are certified as eligible for worker adjustment assistance if they meet the following conditions: (1) a significant number or proportion of the workers in the workers' firm or appropriate subdivision of the firm have been threatened with or have experienced total or partial separation; (2) the sales or production of the firm or subdivision has decreased absolutely; and (3) increases in imports of "articles like or directly competitive" with articles produced by the workers' firm or appropriate subdivision of their firm "contributed importantly" to threatened or actual total or partial job separation and to a decline in sales or production.

The Secretary of Labor is required to determine whether a group of workers is eligible for adjustment assistance and to issue a certification of eligibility to apply for assistance within 60 days after the petition is filed. The Department has not, however, met this requirement in the last year.

The basic program benefit for workers under the TAA program is the payment of a trade readjustment allowance (TRA). TRA is payable to an adversely affected worker for a week of unemployment and is required to be 70 percent of his previous average weekly wage, not to exceed the average weekly manufacturing wage (now \$289 per week). The weekly TRA payable is reduced by: (1) 50 percent of earnings during the week; (2) any training allowance except that the TRA is required to be paid in an amount at least equal to—and in lieu of—any Federal training allowance; and (3) unemployment compensation for which the individual is eligible. The combined value of any wages, TRA, training allowances and unemployment compensation may not exceed 80 percent of his previous average weekly wage and 130 percent of the average weekly manufacturing wage.

Payments of TRA are required to be made to a certified and eligible adversely affected worker who files an application for any week of unemployment after the "trade-impact date" (the date on which

threatened or actual total or partial separation began in the firm or appropriate subdivision of the firm) if the following two conditions are met: (1) the worker's last separation took place on or after the trade impact date but not after the termination date (if any) and not after the expiration date. (The termination date is the date as of which the Secretary of Labor determines the group eligibility conditions are no longer met; the expiration date is two years from the certification date.) (2) the worker had at least 26 weeks of employment at wages of at least \$30 per week in adversely affected employment with a single firm or subdivision of a firm in the 1-year period preceding unemployment.

The maximum number of weeks that TRA can be paid is 78, or one and a half years. The maximum for most workers is 52 weeks. Two sets of workers are eligible for an additional 26 weeks: (1) workers enrolled in training approved by the Secretary of Labor; and (2) workers who are at least 60 years old on or before their date of separation. Except for the additional 26 weeks, TRA may not be paid for a week of unemployment beginning more than 2 years after the most recent separation date. The availability for work and disqualification provisions of State unemployment compensation laws apply to workers filing claims for TRA.

In addition to the TRA benefit, the Secretary of Labor is directed to make "every reasonable effort" to secure counseling, testing, placement, supportive, and other services under any other Federal law. If the Secretary of Labor determines that there is no suitable employment available and suitable employment would be available if the adversely affected worker received the appropriate training, the Secretary may approve such training. Further, a job search allowance providing a reimbursement of 80 percent of the cost of necessary job search expenses not to exceed \$500 may be granted to certified, adversely affected workers for securing a job in the United States if: (1) the Secretary of Labor determines that the worker cannot reasonably be expected to secure suitable employment in his commuting area; (2) the worker has filed an application for the allowance no later than 1 year after the date of his last separation before his application or within a reasonable period of time after a training period. Also, a relocation allowance of 80 percent of reasonable and necessary expenses incurred in transporting a worker, his family, and household effects and an amount equal to three times the worker's average weekly wage up to \$500 may be granted to not more than one member per family.

The program clearly has not functioned as intended. In a study released in January 1980 the General Accounting Office found that the weekly TRA cash payments have helped very few unemployed workers adjust to their changed circumstances. Of the TRA recipients inter-sources to meet their financial needs. Among the causes of the same employer who laid them off. Most had received their TRA payments in the form of a lump sum after they had returned to work but had not experienced economic hardship as a result of their lay-off since they were able to rely on their unemployment benefit and other resources to meet their financial needs. Among the causes of the delays in TRA payments is the complicated formula for calculating weekly benefit amounts. Many labor regional, State and local employ-

ment security agency and firm officials believe the trade benefits, which in many cases are well above State unemployment insurance levels, create a disincentive for some to seek a job. Seventy-three percent of those surveyed used none of the employment services, job search and relocation allowances because they were not aware the services were available to them, they had little need for the services, and they were not willing to move to take advantage of a job in another community.

The bill approved by the committee would make the following changes to the present law:

1. Require a worker to exhaust all unemployment insurance (UI) before receiving TRA allowances;

2. Limit the duration of TRA allowances and UI payment for most workers to 52 times the UI weekly benefit, except that an additional 26 weeks of allowances may be paid to an individual engaged in training;

3. Limit the amount of TRA payments to the level of State UI payments for which the individual is eligible;

4. Require increased efforts by beneficiaries to obtain appropriate work;

5. Incorporate certain provisions of State unemployment insurance laws for the purpose of facilitating the administration of the program;

6. Change the present "contribute importantly" standard for trade impact certifications to require that increased imports of like or directly competitive articles be a "substantial cause" of the adverse impact and add to the group eligibility requirements that there is a substantial probability that the resulting lower level of employment will be permanent; and

7. Broaden the present authority to recover overpayments and deny benefits in the case of fraudulent statements or intentional withholding of information.

In addition to integrating the TAA program with the State unemployment compensation system, the committee has proposed changes which would strengthen the training, job search, and relocation aspects of the program proposals. There is no change under the bill in the Secretary's training authorities under section 236 of the Trade Act but the Administration in presenting the bill to the Congress announced that it intends to spend approximately \$100 million more on training for adversely affected workers in fiscal year 1982 than in fiscal year 1981.

SECTION-BY-SECTION ANALYSIS

Section 1 of the bill would change the "contribute importantly" standard for adverse trade impact certification and require that instead increased imports of like or directly competitive articles be a "substantial cause" of the adverse impact on employment and production. Substantial cause would be defined as a cause which is important and not less than any other cause. This would be the same causation standard as that used by the International Trade Commission (ITC) under section 201 of the Trade Act. This standard would increase the impact of foreign trade required for petition certifications. This provision would assure that the trade-impact is sufficient to warrant such additional benefits provided by the TAA program. The bill also requires that the Secretary before making a

certification must find that there is a "substantial probability" that the resulting lower level of employment at the firm or subdivision will be permanent. Because the substantial cause test would be applied to the impact of imports on the *firm*, the Secretary of Labor would be able to certify workers from injured firms in industries even where the ITC did not find injury to the industry as a whole under section 201.

Section 2 of the bill would substantially eliminate retroactive payments by limiting payments to weeks of unemployment which begin more than 60 days after the date an approved petition for certification was filed. The provision would also require adversely affected workers to exhaust all rights to unemployment compensation, and additional compensation and any extended benefits if applicable. Third, workers would not be paid TRA for any waiting week period as provided by any State law.

The provision would also adopt the work test of the Federal-State Extended Unemployment Compensation Act of 1970, as amended, (EB). The EB work test requires that claimants whose prospects of returning to their line of work are not good will be disqualified if they fail or refuse to accept offers of "suitable work" as defined in that act, or to seek and apply for such work. The EB work test will apply to all claimants for UI after the end of the regular UI period. Therefore, applying the EB work test to all TRA claimants would be an equitable extension of the test which is already applicable to those TRA claimants in States which have triggered "on" an extended benefit period.

The section also provides that the Secretary by regulation may require appropriate categories of workers, who have been eligible for TRA for eight weeks, to extend their job search or to accept approved training.

Section 3 of the bill would limit the amount of TRA payable to a worker to the same amount as the UI weekly amount payable to that worker for a week of unemployment. From the TRA there would be deducted any training allowance provided under any Federal law as well as any income that is deducted from UI under the applicable State UI law. The proposed change will achieve a greater equity between those who are unemployed as a result of trade impact and those unemployed for other reasons.

Section 4 of the bill would limit TRA payable to an adversely affected worker to the amount which is 52 times the UI weekly benefit amount reduced by any UI payable to the worker. Thus, an adversely affected worker could only collect the weekly benefit amount of UI and TRA combined for 52 weeks of total unemployment. An adversely affected worker would also be required to exhaust TRA within 52 weeks after the worker had exhausted all rights to regular unemployment compensation. Payments as TRA would continue to be made to a worker in approved training for up to 26 additional weeks in the 26-week period following the worker's last entitlement to TRA in order to assist the worker to complete approved training. Finally, the worker would be required to have made an application for training within 210 days after the date of the worker's first certification, or, if later, within 210 days after the worker's first total or partial separation.

The payment of TRA is intended to assist unemployed workers to readjust to existing economic circumstances. The bill would better accomplish this purpose by encouraging unemployed workers to seek

other employment by appropriately limiting the duration, and the maximum amount of benefits.

Section 5 of the bill would increase the job search allowances for totally separated workers who are seeking suitable employment outside of their area of residence from the present payment of 80 percent of job search expenses up to a maximum of \$500 to a maximum of \$600.

Section 6 of the bill would increase the relocation allowances for totally separated workers who have obtained employment or a bona fide offer of such employment in an area to which they wish to relocate from the present current allowable payment of up to 80 percent of the expenses for relocation and a lump-sum payment in the maximum amount of \$500 to 90 percent of reasonable and necessary expenses and a lump sum payment to a maximum of \$600.

Section 7 of the bill broadens the present provisions relating to the recovery of overpayment made to claimants and provides for waivers where equitable. It provides for recovery of overpayments whether fraudulent or otherwise. Overpayments may be recovered from benefits under this Act, unemployment compensation or other unemployment assistance or allowances payable to the worker. It denies benefits in the case of fraudulent statements or the intentional withholding of information.

Section 8 of the bill would delete the present authorization section relating to a trust fund since such a fund has not been established. In place of that section the bill provides for an authorization of appropriations for each of fiscal years 1982, 1983 and 1984, such sums as may be necessary to carry out the purposes of the act.

Section 9 of the bill would make necessary definitional changes.

Section 10 of the bill extends the termination date of the Werber trade adjustment assistance program from the present termination date of September 30, 1982 to September 30, 1984.

Section 11 of the bill sets forth the effective dates of the various provisions. The amendment with respect to authorization of appropriations would take effect on the date of enactment. The "substantial cause" standard would also take effect for all petitions filed on or after the date of enactment. The increases in job search and relocation allowances would take effect with regard to applications for allowances filed on or after October 1, 1981. The provision regarding recovery of overpayments and penalties for fraud would take effect on the date of enactment. The remaining provisions, which affect the time limitations on trade readjustment allowances, definitions, qualifying requirements and the weekly benefit amounts, would be effective with respect to trade readjustment allowances payable for all weeks of unemployment which begin after October 1, 1981. The section also provides transitional provisions to ensure that workers receiving TRA payments are not disqualified from receiving further payments to which they would otherwise be entitled by reason of the application of the changes made by the bill after September 30, 1981.

III. 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 a vote of 18 yeas and 2 nays.

IV. BUDGETARY IMPACT OF THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, sections 308 and 403 of the Congressional Budget Act of 1974, and paragraph 11 (a) of rule XXVI of the Standing Rules of the Senate, the following statement is made relative to the cost and budgetary impact of the bill. The committee accepts as its estimates the report of the Congressional Budget Office under section 403 of the Congressional Budget Act, as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., May 15, 1981.

HON. ROBERT J. DOLE,
Chairman, Committee on Finance,
U.S. Senate,
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 the Trade Adjustment Assistance Amendments of 1981.

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

Sincerely,

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

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE *May 15, 1981.*

1. Bill number:
 2. Bill title: The Trade Adjustment Assistance Amendments of 1981.
 3. Bill status: As ordered reported by the Senate Finance Committee on May 5, 1981.
 4. Bill purpose: This bill would reauthorize the Trade Adjustment Assistance (TAA) program through fiscal year 1984. Beginning with weeks of unemployment starting on or after October 1, 1981, the bill would require a worker to exhaust all Unemployment Insurance (UI) before receiving TAA allowances and would limit the amount of TAA payments to the level of state UI payments for which the individual is eligible. It would limit the duration of TAA and UI payments to 52 weeks with the exception that an additional 26 weeks would be payable to an individual in training. It would change the present certification standard from one in which increased competitive imports "contribute importantly" to any total or partial job separations to one in which such imports must be the "substantial cause" of job losses; furthermore, it would require the Secretary of Labor to determine that there be substantial probability that the resulting unemployment is permanent.
 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.
- The bill would result in additional future liabilities through an extension of existing entitlements that would require subsequent appro-

priation 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 the bill.

Since this bill extends the authorization of the TAA program through fiscal year 1984, estimates of budgetary impact are shown through that year only. The figures reflecting budgetary impact in fiscal years 1983 and 1984 are the estimated total costs of the reauthorized TAA program.

Required budget authority :

Fiscal year :	Millions
1982 -----	\$-1, 295
1983 -----	200
1984 -----	150
1985 -----	
1986 -----	

Estimated outlays :

Fiscal year :	
1982 -----	\$-1, 295
1983 -----	200
1984 -----	150
1985 -----	
1986 -----	

The costs of this bill fall within budget function 600.

6. Basis of estimate: In the sections shown below, the fiscal year 1982 estimated savings are from the current law program. The fiscal year 1983 and 1984 savings are from a baseline assuming reauthorization of the current law program. The estimated total program costs in fiscal year 1983 and 1984 from extending the current law program are shown under Section 8.

Section 1: This section would change the present certification standard from a criterion which requires that increased competitive imports "contribute importantly" to any employment separations to one in which such imports must be the "substantial cause" of job losses. It would also require the Secretary of Labor to determine that there be substantial probability that the unemployment be permanent as a condition of making the certification.

Fiscal year :	Millions
Required budget authority :	
1982 -----	
1983 -----	
1984 -----	
1985 -----	
1986 -----	
Estimated outlays :	
Fiscal year :	
1982 -----	
1983 -----	
1984 -----	
1985 -----	
1986 -----	

No budgetary impact is shown for this provision because of the complete absence of data relating to the alternative certification standard. Moreover, Department of Labor (DOL) personnel have no impressionistic studies of the impact of such a proposal. In any case, due to the proposed requirement that individuals exhaust their UI

benefits before being eligible for TAA, the proposal's impact would be miniscule.

Section 2: This section would require trade impacted workers to exhaust all unemployment compensation, including extended benefits, before being able to collect any TAA benefits. It also seeks to substantially eliminate retroactive payments by limiting benefits to weeks of unemployment which begin more than 60 days after the date on approved petition for certification is filed. The section would also adopt the extended benefit work test, which requires claimants whose prospects of returning to their line of work are poor to accept offers of "suitable work" or face disqualification.

Required budget authority :

Fiscal year :	Millions
1982 -----	-----
1983 -----	-----
1984 -----	-----
1985 -----	-----
1986 -----	-----

Estimated outlays :

Fiscal year :	
1982 -----	-----
1983 -----	-----
1984 -----	-----
1985 -----	-----
1986 -----	-----

The intent of this provision is to assure that claimants receive no more than 52 weeks of TAA and UI combined. The savings generated by this provision is incorporated in the estimated savings for Sections 3 and 4.

Section 5: This section would increase the job search allowances for totally separated workers from the present maximum of \$500 to a maximum of \$600.

Required budget authority :

Fiscal year :	Millions
1982 -----	-----
1983 -----	-----
1984 -----	-----
1985 -----	-----
1986 -----	-----

Estimated outlays :

Fiscal year :	
1982 -----	-----
1983 -----	-----
1984 -----	-----
1985 -----	-----
1986 -----	-----

No budgetary impact is shown for this section because the estimated cost is less than \$100,000 per year.

Section 6: This section would increase the relocation allowances for totally separated workers who have obtained employment or offers of the same in a different labor market area. The allowance would rise from the present payment of up to 80 percent of expenses and a lump sum benefit up to a maximum of \$500 to 90 percent of expenses and a lump sum benefit up to a maximum of \$600.

Required budget authority:

Fiscal year:	Millions
1982	-----
1983	-----
1984	-----
1985	-----
1986	-----

Estimated outlays:

Fiscal year:	
1982	-----
1983	-----
1984	-----
1985	-----
1986	-----

No budgetary impact is shown for this section because the estimated cost is less than \$100,000 per year.

Section 7: This section broadens the present provisions relating to the recovery of overpayment made to claimants and provides for waivers where equitable. It provides for recovery of overpayments, whether these are fraudulent or otherwise, from TAA, UI or any other benefits provided for under this act.

Required budget authority:

Fiscal year:	Millions
1982	-----
1983	-----
1984	-----
1985	-----
1986	-----

Estimated outlays:

Fiscal year:	
1982	-----
1983	-----
1984	-----
1985	-----
1986	-----

The budgetary impact of this section is negligible, according to DOL.

Section 8: This section provides for an authorization of appropriations for such sums as may be necessary to extend the TAA program through fiscal year 1984. It would further delete the current authorization section relating to a trust fund since such a fund has not been established.

Required budget authority:

Fiscal year:	Millions
1982	-----
1983	----- \$1,000
1984	----- 600
1985	-----
1986	-----

Estimated outlays:

Fiscal year:	
1982	-----
1983	----- 1,000
1984	----- 600
1985	-----
1986	-----

The estimated costs of reauthorizing the program for an additional two years are based upon information from DOL.

Section 9: This section would make necessary definitional changes.

Required budget authority :

Fiscal year :	Millions
1982 -----	-----
1983 -----	-----
1984 -----	-----
1985 -----	-----
1986 -----	-----

Estimated outlays :

Fiscal year :	Millions
1982 -----	-----
1983 -----	-----
1984 -----	-----
1985 -----	-----
1986 -----	-----

This section has no budgetary impact.

Section 10: This section sets forth the effective dates of the various provisions. The "substantial cause" standard would take effect for all petitions filed on or after the date of enactment. The increases in job search and relocation allowances would take effect with regard to applications for allowances filed on or after October 1, 1981. The provision regarding recovery of overpayments and penalties for fraud and the reauthorization would take effect on the date of the enactment. The remaining provisions, including those establishing new benefit amounts and qualifying requirements would be effective with respect to benefits payable for all weeks of unemployment which begin on or after October 1, 1981.

Required budget authority :

Fiscal year :	Millions
1982 -----	-----
1983 -----	-----
1984 -----	-----
1985 -----	-----
1986 -----	-----

Estimated outlays :

Fiscal year :	Millions
1982 -----	-----
1983 -----	-----
1984 -----	-----
1985 -----	-----
1986 -----	-----

This section has no budgetary impact.

7. Estimate comparison: Shown below is DOL's estimate of the budgetary impact of this bill. It is compared to CBO's estimate of the same. DOL has not estimated the impact for fiscal years 1983 and 1984. The difference which exists between the two estimates in fiscal year 1982 is a function of differing methodologies.

DOL estimated impact :

Fiscal year :	Millions
1982 -----	\$-1,150
1983 -----	-----
1984 -----	-----
1985 -----	-----
1986 -----	-----

CBO estimated impact :

Fiscal year :	Millions
1982 -----	-1,258
1983 -----	-----
1984 -----	-----
1985 -----	-----
1986 -----	-----

DOL estimated impact:

Fiscal year:	
1982.....	\$-1,150
1983.....	-----
1984.....	-----
1985.....	-----
1986.....	-----

CBO estimated impact:

Fiscal year:	
1982.....	-1,150
1983.....	-----
1984.....	-----
1985.....	-----
1986.....	-----

- 8. Previous CBO estimate: None.
- 9. Estimate prepared by: Richard J. Hendrix.
- 10. Estimate approved by:

JAMES L. BLUM,
Assistant Director for Budget Analysis.

V. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 11 (b) of rule XXVI of the Standing Rules of the Senate, the committee states that the provisions of the committee bill will not regulate any individuals or businesses, will not impact on the personal privacy of individuals, and will result in no additional paperwork.

VI. CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the 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. 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 *and that there is a substantial probability that the resulting lower level of employment at the firm or subdivision will be permanent,*

(2) that sales or production, or both, of such firm or subdivision have decreased 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] *were a substantial cause of* such total or partial separation, or threat

thereof, and [to such decline] of such decline in sales or production.

[For purposes of paragraph (3), the term "contributed importantly" means a cause which is important but not necessarily more important than any other cause.] For the purposes of paragraph (3), the term "substantial cause" means a cause which is important and not less than any other cause, as used in section 201 of this Act.

* * * * *

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)] which begins more than 60 days after the date the petition was filed under section 221 on which such certification was granted 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 adversely affected employment, and

(B) before the expiration of the 2-year period 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 (d); [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[.];

(3) Such worker—

(A) was entitled to (or would be entitled to if he applied therefor) unemployment insurance for a week within the benefit period (i) in which such total or partial separation took place, or (ii) which began by reason of the filing of a claim for unemployment insurance by such worker on the basis of such total or partial separation;

(B) has exhausted all rights to any unemployment insurance to which he was entitled (or would be entitled if he applied therefor); and

(C) does not have an unexpired waiting period applicable to him for any such unemployment insurance; and

(4) Such worker, with respect to such week of unemployment, would not be disqualified for extended compensation payable

under the Federal-State Extended Unemployment Compensation Act of 1970 by reason of the work and job search requirements in section 202 (a) (3) of such Act.

In accordance with such regulations as the Secretary of Labor may prescribe, the Secretary may require, for categories of workers which the Secretary deems appropriate to carry out the purposes of this Act, that, after the first eight weeks following the determination of a worker's eligibility under this section, such worker, if he is in such a category, must actively search for work outside the worker's labor market area or, if such training is available, accept training approved by the Secretary under section 236 in new or related job categories.

SEC. 232. WEEKLY AMOUNTS.

[(a) Subject to the other provisions of this section, the trade readjustment allowance payable to an adversely affected worker for a week of unemployment shall be—

[(1) 70 percent of his average weekly wage (but not in excess of the average weekly manufacturing wage), reduced by

[(2) 50 percent of the amount of the remuneration for services performed during such week.]

(a) Subject to the other provisions of this section, the trade readjustment allowance payable to an adversely affected worker for a week of total unemployment shall be the same as the most recent weekly benefit amount of the unemployment insurance payable to the worker for a week of total unemployment during the benefit period preceding the worker's exhaustion of unemployment insurance (as determined under section 231 (3) (B)). From the trade readjustment allowance otherwise payable to an adversely affected worker for a week of unemployment there shall be deducted any training allowance deductible under subsection (c) and any income that would be deductible from unemployment insurance under the disqualifying income provisions of the applicable State law.

(b) Any adversely affected worker who is entitled to trade readjustment allowances and who is undergoing training approved by the Secretary, including on-the-job training, shall receive for each week in which he is undergoing any such training, a trade readjustment allowance in an amount (computed for such week) equal to the amount computed under subsection (a) or (if greater) the amount of any weekly allowance for such training to which he would be entitled under any other Federal law for the training of workers, if he applied for such allowance. Such trade readjustment allowance shall be paid in lieu of any training allowance to which the worker would be entitled under such other Federal law.

[(c) The amount of trade readjustment allowance payable to an adversely affected worker under subsection (a) for any week shall be reduced by any amount of unemployment insurance which he receives, or which he would receive if he applied for such insurance, with respect to such week; but, if the appropriate State or Federal agency finally determines that the worker was not entitled to unemployment insurance with respect to such week, the reduction shall not apply with respect to such week.]

[(d) (c) If [unemployment insurance, or] a training allowance under any Federal law, is paid to an adversely affected worker for any week of unemployment with respect to which he would be entitled (de-

terminated without regard to [subsection (c) or (e) or to] any disqualification under section 236(c)) to a trade readjustment allowance if he applied for such allowance, each such week shall be deducted from the total number of weeks of trade readjustment allowance otherwise payable to him under section 233(a) when he applies for a trade readjustment allowance and is determined to be entitled to such allowance. If [the unemployment insurance or] the training allowance paid to such worker for any week of unemployment is less than the amount of the trade readjustment allowance to which he would be entitled if he applied for such allowance, he shall receive, when he applies for a trade readjustment allowance and is determined to be entitled to such allowance, a trade readjustment allowance for such week equal to such difference.

[(e) Whenever, with respect to any week of unemployment, the total amount payable to an adversely affected worker as remuneration for services performed during such week, as unemployment insurance, as a training allowance referred to in subsection (d), and as a trade readjustment allowance exceeds 80 percent of his average weekly wage (or, if lesser, 130 percent of the average weekly manufacturing wage), then his trade readjustment allowance for such week shall be reduced by the amount of such excess.

[(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.]

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 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.

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

(a) (1) *The maximum amount of trade readjustment allowances which shall be payable with respect to the period covered by any certification to an adversely affected worker shall be the amount which is the product of 52 multiplied by the trade readjustment allowance payable to the worker for a week of total unemployment (as determined under section 232(a)), such product being reduced by the total sum of the unemployment insurance to which the worker was entitled (or would have been entitled if he had applied therefor) in the worker's benefit period described in section 231(3)(A).*

(2) *A trade readjustment allowance shall not be paid for any week after the 52-week period beginning with the first week following the week with respect to which the worker has exhausted all rights to regular unemployment insurance (as determined in the same manner as exhaustion of regular and other benefits is determined under section 231(3)(B)).*

(3) *In addition, in accordance with regulations prescribed by the Secretary, payments may be made as trade readjustment allowances for up to 26 additional weeks in the 26-week period following the last week of entitlement to trade readjustment allowances otherwise payable under this chapter, in order to assist the adversely affected worker to complete training approved for the worker under section 236. Payments for such additional weeks may be made for weeks in such 26-week period during which the individual is engaged in such training and has not been determined under section 236(c) to be failing to make satisfactory progress in the training.*

[(b) (1) Except for a payment made for an additional week under subsection (a) (1) or (a) (2), a trade readjustment allowance may not be paid for a week of unemployment beginning more than 2 years after the beginning of the appropriate week.

[(2) A trade readjustment allowance may not be paid for an additional week specified in subsection (a) (1) if the adversely affected worker who would receive such allowance did not make a bona fide application to a training program approved by the Secretary within 180 days after the end of the appropriate week or the date of his first certification of eligibility to apply for adjustment assistance issued by the Secretary, whichever is later.

[(3) A trade readjustment allowance may not be paid for an additional week specified in subsection (a) if such additional week begins more than 3 years after the beginning of the appropriate week.

[(4) For purposes of this subsection, the appropriate week—

[(A) for a totally separated worker is the week of his most recent total separation, and

[(B) for a partially separated worker is the first week for which he receives a trade readjustment allowance following his most recent partial separation.]

(b) A trade readjustment allowance may not be paid for an additional week specified in subsection (a) (3) if the adversely affected worker who would receive such allowance did not make a bona fide application to a training program approved by the Secretary under section 236 within 210 days after the date of the worker's first certification of eligibility to apply for adjustment assistance issued by the Secretary, or, if later, within 210 days after the date of the worker's first total or partial separation.

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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 percent of the cost of his necessary job search expenses as prescribed by regulations of the Secretary; except that such reimbursement may not exceed \$[500]600 for any worker.

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

(1) to assist an adversely affected worker 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.

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.

(b) A relocation allowance may be granted only to assist an adversely affected worker in relocating within the United States and only if the Secretary determines that such worker cannot reasonably be expected to secure suitable employment in the commuting area in which he resides and that such worker—

(1) has obtained suitable employment affording a reasonable expectation of long-term duration in the area in which he wishes to relocate, or

(2) has obtained a bona fide offer of such employment.

(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.

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

(1) **80** 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, 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

SEC. 243. RECOVERY OF OVERPAYMENTS.

[(a) If a cooperating State agency or the Secretary, or a court of competent jurisdiction finds that any person—

[(1) has made or has caused to be made by another, a false statement or representation of a material fact knowing it to be false, or has knowingly failed or caused another to fail to disclose a material fact; and

[(2) as a result of such action has received any payment under this chapter to which he was not entitled, such person shall be liable to repay such amount to the State agency or the Secretary as the case may be, or either may recover such amount by deductions from any sums payable to such person under this chapter. Any such finding by a State agency or the Secretary may be made only after an opportunity for a fair hearing.

[(b) Any amount repaid to a State agency under this section shall be deposited into the fund from which payment was made. Any amount repaid to the Secretary under this section shall be returned to the Secretary of the Treasury and credited to the Adjustment Assistance Trust Fund.]

(a) (1) If a cooperating State agency or the Secretary, or a court of competent jurisdiction, finds that any person has received any payment under this chapter to which the person was not entitled, including a payment referred to in subsection (b), such person shall be liable to repay such amount to the State agency or the Secretary, as the case may be, except that the State agency or the Secretary may waive such repayment if such agency or the Secretary determines in accordance with guidelines prescribed by the Secretary that—

(A) the payment was without fault on the part of such individual; and

(B) requiring such repayment would be contrary to equity and good conscience.

(2) Unless an overpayment is otherwise recovered, or waived under paragraph (1), the State agency or the Secretary shall recover the overpayment by deductions from any sums payable to such person under this chapter, or under any Federal unemployment compensation law administered by the State agency or the Secretary, or any other Federal law administered by the State agency or the Secretary which provides for the payment of assistance or an allowance with respect to unemployment, and, notwithstanding any other provision of State law or Federal law to the contrary, the Secretary may require the State agency to recover any overpayment under this chapter by deduction from any unemployment insurance payable to such person under the State law, except that no single deduction under this paragraph shall exceed 50 percent of the amount otherwise payable.

(b) If a cooperating State agency, or the Secretary, or a court of competent jurisdiction, finds that an individual knowingly has made, or caused another to make, a false statement or representation of a material fact, or knowingly has failed, or caused another to fail, to disclose a material fact, and as a result of such false statement or rep-

resentation or of such nondisclosure such individual has received any payment under this chapter to which the individual was not entitled, such individual shall, in addition to any other penalty provided by law, be ineligible for any further payments under this chapter.

(c) No repayment shall be required, and no deduction shall be made, until a determination has been made, notice thereof and an opportunity for a fair hearing has been given to the individual, and the determination has become final.

(d) Any amount recovered under this section shall be returned to the Treasury of the United States.

【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 year.

【(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).

【(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.】

SEC. 245. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Department of Labor, for each of the fiscal years 1982, 1983, and 1984, such sums as may be necessary to carry out the purposes of this chapter.

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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.

【(3) 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) 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) The term "average weekly hours" means the average hours worked by the individual (excluding overtime) in the employment from which he has 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).

(6) 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) The term "remuneration" means wages and net earnings derived from services performed as a self-employed individual.】

(8) 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) The term "State agency" means the agency of the State which administers the State law.

(10) 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) 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) 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) The term "week" means a week as defined in the applicable State law.

【(14) 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.】

(14) *The term "week of unemployment" means a week of total, part-total, or partial unemployment as determined under the applicable State law with respect to unemployment insurance.*

(15) *The term "benefit period" means, with respect to any individual, the benefit year and any ensuing period during which the individual is eligible for unemployment insurance (which shall include regular, additional, and extended compensation, as defined in section 205 of the Federal-State Extended Unemployment Compensation Act of 1970).*

SEC. 284. EFFECTIVE DATES AND TRANSITIONAL PROVISION

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.】 *Chapters 3 and 4 shall terminate on September 30, 1982. Chapter 2 shall terminate on September 30, 1984.*

