CBO TESTIMONY

Statement of
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on
Estimates of the President's Proposals
for Medicare, Medicaid, and Welfare

before the
Committee on Finance
United States Senate

March 4, 1997

NOTICE

This statement is not available for public release until it is delivered at 10:30 a.m. (EST), Tuesday, March 4, 1997.

CONGRESSIONAL BUDGET OFFICE
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WASHINGTON, D.C. 20515

Mr. Chairman and Members of the Committee, I am pleased to be with you this morning to present the Congressional Budget Office's (CBO's) analysis of the President's budget. My statement will give an overview of our findings and provide more details about CBO's estimates of the President's proposals for Medicare, Medicaid, and other programs in the Committee's jurisdiction.

OVERVIEW OF THE BUDGET

As he did last year, the President has submitted a budget that is intended to eliminate the deficit by 2002. To help ensure that this goal is reached, the President has proposed two sets of policies: one that would produce a $17 billion surplus under the Administration's economic and technical estimating assumptions, and an alternative set that would reach budgetary balance in 2002 under CBO's more cautious assumptions.

Using CBO's economic and technical estimating assumptions, the President's basic budgetary proposals would fall short of balance in 2002 by $69 billion. The alternative Administration policies are designed to fill the

$69 billion deficit hole estimated by CBO. Under those alternative policies, some proposed tax cuts would sunset after 2000, and most spending programs would be cut across-the-board in 2001 and 2002 from the levels proposed by the President.

CBO Estimates of the President's Basic Policies

If current budgetary policies remain unchanged, CBO projects that the federal deficit will rise from the $107 billion posted last year to $188 billion by 2002. Balancing the budget in 2002, however, would lower interest rates and produce other changes in the economy that would yield a fiscal dividend of an estimated $34 billion in 2002. Under CBO's projections that include that fiscal dividend, $153 billion in policy savings in 2002 would be needed to produce a balanced budget that year. Those projections provide the starting point for CBO's analysis of the President's budget, since the budget is intended to eliminate the deficit over the next five years.

CBO estimates that the President's basic policies would save $84 billion in 2002 and produce a deficit of $69 billion (see Table 1). Over the 1998-2002

TABLE 1. CBO ESTIMATE OF THE EFFECT ON THE DEFICIT OF THE PRESIDENT'S BASIC BUDGETARY POLICIES (By fiscal year, in billions of dollars)

	1997	1998	1999	2000	2001	2002	Total 1998-2002
CBO Revised Deficit Projections, Including Fiscal Dividend[a]	115	121	145	159	142	153	n.a.
Effect on the Deficit of the President's Budgetary Policies							
Revenues[b]							
Reductions	1	21	21	22	27	28	120
Increases	-1	-11	-16	-17	-18	-19	-81
Subtotal	c	10	5	5	10	9	39
Outlays							
Discretionary	c	9	-3	-13	-29	-42	-79
Mandatory							
Medicare	0	-3	-10	-18	-22	-29	-82
Medicaid	c	2	2	-1	-4	-6	-7
Health Insurance	0	3	3	3	4	1	14
Supplemental Security Income	c	2	2	2	2	2	9
Food Stamps	c	1	1	1	1	1	5
Education and training	0	2	2	3	2	c	9
Spectrum auctions	0	0	-3	-4	-6	-12	-24
Other	c	-2	-2	-2	-2	-5	-13
Subtotal	c	5	-6	-17	-26	-46	-90
Total Policies	1	23	-3	-24	-46	-79	-129
Debt service	c	1	1	c	-2	-5	-4
Total Effect on the Deficit	1	24	-2	-24	-47	-84	-133
Deficit Under the President's Budgetary Policies as Estimated by CBO	116	145	142	135	95	69	n.a.

SOURCE: Congressional Budget Office.

NOTES: Estimates contained in this table exclude alternative policies to eliminate the deficit gap under CBO asssumptions.
n.a. = not applicable.

a. Deficit under CBO's revised projections that assumes both balanced budget economic assumptions and discretionary spending that increases with inflation, subject to the statutory cap for 1998.

b. The revenue estimates differ somewhat from those published by the Joint Committee on Taxation (JCT). CBO has used Administration estimates for two proposals that JCT was unable to estimate because they are not yet specified—a new aviation fee system and a District of Columbia tax-incentive program. CBO's estimates also include additional fee proposals and exclude a proposal that would only affect outlays. In addition, they assume that tax cuts specified in statutory language to sunset in 2000 are extended permanently

c. Less than $500 million.

period, the President's policies would reduce the deficit by a total of $133 billion. Reductions in projected spending for Medicare and Medicaid account for $89 billion, or two-thirds of the proposed savings.

CBO's estimated deficit of $69 billion in 2002 contrasts with the surplus of $17 billion that the Administration estimates (see Table 2). About 70 percent, or $60 billion, of that $86 billion discrepancy stems from differences in deficit estimates under current policies, largely because of different economic assumptions. Reestimates of the effects of the President's proposed policy changes account for the remaining $27 billion difference. Most of that reestimate is the result of different estimates of the President's Medicare proposals and the proposed auction of additional portions of the electromagnetic spectrum.

CBO Estimates of the President's Alternative Policies

The President's budget briefly mentions an alternative set of policies that are designed to eliminate the deficit in 2002 under CBO's current economic and

TABLE 2. CBO REESTIMATE OF THE PRESIDENT'S BASIC BUDGETARY POLICIES
(By fiscal year, in billions of dollars)

	1997	1998	1999	2000	2001	2002
Deficit Under the President's Basic Budgetary Policies as Estimated by the Administration	126	121	117	87	36	-17
Baseline Reestimates						
Economic Differences						
Revenues	8	17	25	35	40	46
Outlays	a	3	10	12	12	15
Subtotal	8	20	35	47	52	61
Technical Differences						
Revenues	-11	-11	-15	-13	-14	-15
Outlays	-10	5	-5	9	a	14
Subtotal	-21	-6	-20	-4	-14	-2
Total, Baseline Differences	-13	15	15	43	38	60
Policy Reestimates						
Revenues	1	3	4	1	4	5
Outlays						
Discretionary	1	1	5	-1	7	1
Mandatory						
Medicare	0	2	1	4	6	6
Medicaid	a	a	1	a	a	a
Spectrum auctions	-2	4	-1	a	1	11
Other	2	-1	1	1	3	5
Subtotal	a	5	2	5	10	21
Total, Policy Differences	3	10	10	5	21	27
Total Differences	-10	25	25	48	59	86
Deficit Under the President's Basic Budgetary Policies as Estimated by CBO	116	145	142	135	95	69

SOURCE: Congressional Budget Office.

NOTE: Estimates contained in this table exclude alternative policies to eliminate the deficit gap under CBO assumptions.

a. Less than $500 million.

technical estimating assumptions. That alternative set of policies includes all of the President's basic policies plus additional ones that would be in effect only if CBO's assumptions are used in the budget process.

If CBO's assumptions are used for budget planning, the President would allow most of his tax cuts to sunset at the end of calendar year 2000. The Joint Committee on Taxation estimates that ending those tax cuts would increase revenues by $24 billion in 2002 (see Table 3).

On the outlay side of the budget, the President's alternative policies include a 2.25 percent across-the-board cut that would reduce Medicare spending in 2002 by $6 billion, Medicaid by $3 billion, and other nonexempt mandatory spending by $1 billion. Except for Social Security, cost-of-living adjustments in 2002 would be limited to 0.46 percent instead of the 3 percent projected under current law. Television broadcasters would be assessed a fee to make up any difference between the actual proceeds of the proposed auction of the analog broadcast spectrum and the amount assumed in the budget. The remaining gap would be filled by an across-the-board reduction in discretionary spending in 2001 and 2002. CBO estimates that the required cut

TABLE 3. ESTIMATE OF THE PRESIDENT'S ALTERNATIVE POLICIES TO ELIMINATE THE DEFICIT HOLE UNDER CBO ASSUMPTIONS (By fiscal year, in billions of dollars)

	2001	2002
Revenues	-3	-24
Outlays		
Discretionary	-14	-20
Mandatory		
Medicare	0	-6
Medicaid	0	-3
Fee on broadcasters	0	-9
Cost-of living adjustments[a]	0	-3
Other	0	-1
Subtotal	0	-23
Total Policies	-17	-67
Debt Service	b	-2
Total Effect on the Deficit	-17	-69

SOURCE: Congressional Budget Office.

a. Exempts the cost-of-living adjustment of Social Security beneficiaries.

b. Less than $500 million.

would be about 4 percent rather than the 2.25 percent estimated by the Administration.

MEDICARE

Under current policies, CBO projects that gross mandatory spending for Medicare—primarily for medical benefits—will increase from $209 billion in 1997 to $314 billion in 2002, an average annual increase of 8.5 percent (see Table 4). Net mandatory spending, which takes into account premiums paid by Medicare beneficiaries, will increase at an average annual rate of 8.8 percent. CBO's baseline projections of Medicare spending are virtually the same as those of the Administration.

Although the growth in Medicare spending has slowed since the late 1980s and early 1990s, it will continue to outpace the growth in the resources that finance the program. Without changes in law, outlays for Hospital Insurance (HI) benefits will increase more rapidly than payroll taxes, and the

TABLE 4. CBO ESTIMATE OF THE PRESIDENT'S MEDICARE PROPOSALS
(By fiscal year, in billions of dollars)

	1997	1998	1999	2000	2001	2002	Total, 1998-2002	Average Annual Rate of Growth, 1997-2002 (Percent)
CBO Baseline								
Benefit Payments[a]	208.8	227.0	248.2	273.0	285.6	313.7	1,375.4	8.5
Premiums	-20.2	-21.4	-22.4	-23.4	-24.5	-25.6	- 117.4	4.8
Total[b]	188.6	205.5	225.7	249.5	261.1	288.1	1,230.0	8.8
Proposed Changes								
Benefit Payments								
Payments to fee-for-service providers	0	-3.0	-7.6	-11.4	-14.2	-16.7	-52.9	n.a.
Payments to health maintenance organizations	0	-0.9	-2.9	-6.7	-8.2	-11.1	-29.9	n.a.
Additional benefits	0	1.2	3.0	3.8	4.5	5.0	17.5	n.a.
Other changes[c]	0	-0.2	-1.9	-2.0	-2.1	-2.3	-8.5	n.a.
Subtotal	0	-2.9	-9.4	-16.3	-20.1	-25.1	-73.8	n.a.
Premiums	0	0.2	-0.6	-1.4	-2.2	-3.8	-7.8	n.a.
Total	0	-2.8	-10.0	-17.7	-22.3	-28.8	-81.6	n.a.
CBO Estimate of the President's Proposal								
Benefit Payments[a]	208.8	224.0	238.8	256.7	265.5	288.7	1,273.7	6.7
Premiums	-20.2	-21.2	-23.0	-24.8	-26.7	-29.4	-125.2	7.7
Total[b]	188.6	202.8	215.7	231.8	238.8	259.3	1,148.5	6.6
Memoranda:								
SMI Premium Under Current Law	$43.80	$45.80	$47.10	$48.50	$50.00	$51.50	n.a.	n.a.
SMI Premium Under Proposal	$43.80	$45.80	$49.50	$52.50	$55.90	$61.20	n.a.	n.a.

SOURCE: Congressional Budget Office.

NOTES: Numbers may not add to totals because of rounding; estimates exclude Administration's alternative policies; n.a. = not applicable.

a. Includes mandatory administrative expenses.
b. Excludes discretionary administrative expenses.
c. Primarily the extension of secondary payer provisions.

HI trust fund will be depleted by the end of 2001. Similarly, Supplementary Medical Insurance (SMI) benefits will absorb an increasing share of general revenues.

The budget contains many proposals intended to reduce the growth of spending in Medicare. Those savings proposals would reduce Medicare outlays by $99 billion over the 1998-2002 period. At the same time, the Administration is proposing to expand some benefits, which would cost $17 billion. On balance, CBO estimates that the President's basic proposals would reduce Medicare spending by $82 billion over five years and would slow the growth of net Medicare spending to 6.6 percent a year.

In contrast to CBO's figure of $82 billion, the Administration estimates that its basic Medicare proposals would save $100 billion over the 1998-2002 period—a difference of $19 billion. CBO estimates that the President's proposed benefit expansions would cost $4 billion more and that the proposed reductions would save $15 billion less than the Administration assumes. CBO's estimate of reductions in payments to fee-for-service providers is $11 billion smaller than the Administration's, and its estimate of savings in payments to managed care plans is $4 billion less.

Payments to Fee-for-Service Providers

Over half of the savings in the President's plan would stem from curtailing payments to providers of health care services in Medicare's fee-for-service sector. The budget would limit increases in payments to hospitals for both inpatient and outpatient care, capital payments, and graduate medical education. It would also establish new prospective payment mechanisms for skilled nursing facilities and providers of home health care to slow the growth of spending in those sectors.

The growth in aggregate payments to physicians would be limited to the rate of growth in national income. In addition, new competitive payment mechanisms for laboratory services and suppliers of durable medical equipment would be established. The budget would ensure that those mechanisms reduced payment rates by at least 20 percent. Overall, payments to fee-for-service providers would be reduced by an estimated $53 billion over the 1998-2002 period.

Payments to Health Maintenance Organizations

The President's proposals would reduce payments to risk-based health maintenance organizations (HMOs) by $30 billion compared with current-law levels. Because payments to HMOs are linked to spending in the fee-for-service sector, much of that reduction would come from slowing the growth in payments to fee-for-service providers. In addition, the budget proposes to reduce the HMO payment rate from 95 percent to 90 percent of Medicare's adjusted average per capita cost (AAPCC) beginning in 2000.

The Administration would remove payments for disproportionate share hospitals (DSH) and graduate medical education from the AAPCC. That change would reduce average payment rates by an additional 5 percent. Removing those special payments from the AAPCCs would have little net budgetary impact, however, because the funds would be returned directly to DSH and teaching hospitals based on the number of HMO enrollees they served. (Those direct payments are included under payments to fee-for-service providers in Table 4.)

The Administration's proposal would narrow the gap between counties with high and low payment rates by phasing in a blend of local and price-adjusted national rates by 2002, and by setting a minimum payment rate of $350 per month. It would also ensure that no county's payment rate in 1998 and 1999 was reduced from its level in the previous year. The proposal includes a computation for budget neutrality intended to ensure that the hold-harmless provision and the $350 floor on payment rates would not increase HMO payments overall. The Administration would update the new payment rates by the growth in national Medicare spending per capita, with a minimum update of 2 percent a year beginning in 2000.

The Administration's proposal also contains several features intended to make HMOs more attractive to beneficiaries. It would allow Medicare to contract with additional types of plans (including preferred provider organizations and provider-sponsored networks), establish an annual open-enrollment period, provide beneficiaries with standardized comparative materials about plans, and guarantee that Medigap coverage would be available at community rates for beneficiaries choosing to disenroll from a Medicare HMO.

CBO estimates that the Administration's proposal would not significantly increase or decrease enrollment in managed care plans. Some elements of the proposal—such as using a coordinated enrollment period and contracting with new types of plans—would tend to expand the managed care program. But enhancing the benefits package in fee-for-service Medicare and reducing HMO payments relative to those in the fee-for-service sector would discourage enrollment.

Additional Benefits

The Administration proposes several improvements in Medicare's package of fee-for-service benefits. It would reduce the coinsurance rate for services provided in hospital outpatient departments, expand the range of services covered by Medicare, and reduce the late-enrollment penalty for people who do not enroll in the SMI program upon turning 65.

The largest expansion of benefits is a provision that would reduce the effective coinsurance rate paid by beneficiaries for services provided in hospital outpatient departments. Under current law, the coinsurance rate is

much higher than the 20 percent rate applied to other SMI benefits because it is based on hospital charges rather than on Medicare's allowed payments. As part of its proposal to restructure payments for hospital outpatient services, the Administration proposes to phase in a reduction in the coinsurance rate for services provided in hospital outpatient departments from the nearly 50 percent projected under current law in 1998 to 20 percent by 2007. That provision would cost $7 billion over the 1998-2002 period and more than $10 billion a year by 2007 when fully phased in.

Most of the new services that would be covered are preventive in nature. The Administration would cover screening for colorectal cancer, annual mammography (with no cost sharing), glucose monitors, test strips, and education for diabetics. Respite care of up to 32 hours a year would be provided for the families of Medicare beneficiaries with Alzheimer's disease or other severe mental impairments. Those new benefits would increase Medicare spending—net of any savings attributable to avoided illness—by $7½ billion over the 1998-2002 period.

The Administration's proposal to reduce the penalty for late enrollment would increase Medicare benefits by $3 billion over the 1998-2002 period.

Under current law, people who do not enroll in the SMI program upon turning 65 pay a premium that is 10 percent higher for each year that they delay enrollment and are not covered by a group health insurance plan. This proposal would encourage people to enroll in the program who would not have done so otherwise. Medicare's costs would increase because the additional premiums would cover only 25 percent of the additional benefits.

Other Changes in Spending

The Administration would achieve $8½ billion in savings over five years from reductions in spending that do not fall neatly into one of the previous categories. More than $7 billion of that amount would stem from extending three provisions of the Omnibus Budget Reconciliation Act of 1993 that make Medicare the secondary payer for certain beneficiaries who are also covered by employment-based or other health insurance.

Premiums

Premiums paid by beneficiaries now cover 25 percent of spending for Supplementary Medical Insurance. Under current law, however, SMI premiums may increase by no more than the Social Security cost-of-living adjustment after 1998, and the share of costs covered by premiums will then begin to shrink by about 1 percentage point a year. The Administration would maintain the share of SMI spending covered by premiums at 25 percent after 1998. In conjunction with other proposals in the budget, this change would increase receipts by $8 billion over the 1998-2002 period. Premium receipts would grow by 8 percent a year, up from 5 percent a year under current law. In 2002, the projected SMI monthly premium would be $61.20 under the Administration's proposal, compared with $51.50 projected under current law.

Status of the HI Trust Fund

The Administration proposes to transfer spending for certain home health visits from the HI program to the SMI program. The transfer would have no impact on total Medicare spending, but it would help preserve the solvency of

the HI trust fund. CBO estimates that the Administration's policies would maintain a positive balance in the HI trust fund through at least the end of 2007.

Under the Administration's proposal, the HI program would retain responsibility for the first 100 visits in an episode of home health care following a hospital stay of at least three days. SMI would pay for all other home health visits—about 65 percent of the total. Home health visits would not be subject to coinsurance or the SMI deductible and would not affect the SMI premium. After taking account of the proposal to reduce payments to home health providers, the Administration would shift about $86 billion in spending from HI to SMI over the 1998-2002 period.

CBO projects that federal outlays for Medicaid will grow from $99 billion in 1997 to $144 billion in 2002 under current law—an average annual increase of just under 8 percent (see Table 5). Medical assistance payments, the largest component of spending, are projected to rise from about $84 billion to $123 billion by 2002.

The President's basic budget includes proposals that would produce budgetary savings in Medicaid, as well as several measures that would increase Medicaid spending. The net effect of those policies is to reduce Medicaid spending by $7½ billion over the 1998-2002 period compared with current law. In addition, the budget makes a number of proposals that would increase the flexibility of states in administering the Medicaid program. Although CBO's baseline projections for Medicaid are slightly higher than those of the Administration, CBO and the Administration have similar estimates of the President's proposed changes in policy.

TABLE 5. CBO ESTIMATE OF THE PRESIDENT'S MEDICAID PROPOSALS
(By fiscal year, in billions of dollars)

	1997	1998	1999	2000	2001	2002	Total, 1998-2002	Average Annual Rate of Growth, 1997-2002 (Percent)
				CBO Baseline				
Federal Outlays	98.6	105.3	113.6	122.9	132.8	143.8	618.4	7.8
				Proposed Changes				
Savings Proposals								
Per capita cap[a]	0	0	-0.2	-1.5	-2.9	-4.7	-9.3	n.a.
Reductions in DSH payments[b]	0	-0.3	-2.1	-3.8	-4.7	-5.6	-16.6	n.a.
Supplemental payments[c]	0	0	1.0	0.8	0.6	0.4	2.8	n.a.
Subtotal	0	-0.3	-1.3	-4.6	-7.0	-9.9	-23.1	n.a.
New Initiatives								
Children's health	0	1.0	1.1	1.1	1.2	1.3	5.7	n.a.
Retain benefits for disabled children	d	0.1	0.2	0.2	0.2	0.2	1.0	n.a.
Retain benefits for certain aliens	0.1	0.9	1.0	1.1	1.3	1.6	5.8	n.a.
Payments to the District of Columbia	0	0.1	0.2	0.2	0.2	0.2	0.9	n.a.
Other proposals	0	d	0.4	0.5	0.6	0.8	2.2	n.a.
Subtotal	0.1	2.1	2.8	3.1	3.5	4.1	15.6	n.a.
Total	0.1	1.8	1.5	-1.5	-3.5	-5.8	-7.5	n.a.
				CBO Estimate of the President's Proposal				
Federal Outlays	98.8	107.1	115.2	121.4	129.3	138.0	610.9	7.0

SOURCE: Congressional Budget Office.

NOTES: DSH = disproportionate share hospital; numbers may not add to totals because of rounding; estimates exclude Administration's alternative policies; n.a. = not applicable.

a. Assumes a per capita growth rate equal to the growth of gross domestic product per capita plus 2 percentage points in 1997 and 1998, 1.5 percentage points in 1999, and 0.5 percentage points in 2000 and thereafter.

b. Assumes DSH payments would be limited to $10 billion in 1998, $9 billion in 1999, and $8 billion in 2000 and thereafter.

c. Assumes that supplemental payments for federally qualified health centers, rural health clinics, and other purposes would total $2.8 billion.

d. Less than $50 million.

Savings Proposals

The President's budget would achieve savings in Medicaid by placing caps on federal payments to states for each beneficiary and by limiting the growth in those caps to slightly more than the rate of economic growth per person. Separate caps would be established for the four main groups of people eligible for Medicaid—the aged, disabled, children, and other low-income adults—but states whose average spending for one group was below the cap could apply the savings to other groups. CBO estimates that the per capita caps would save $9 billion over the 1998-2002 period, with most of the savings occurring in the last two years.

The President also proposes to limit Medicaid's payments to disproportionate share hospitals to $10 billion in 1998, $9 billion in 1999, and $8 billion in 2000 and thereafter. That change would save $17 billion over the 1998-2002 period compared with current law. The savings would be partly offset by almost $3 billion in supplemental payments for federally qualified health centers, rural health clinics, and other purposes.

New Initiatives

Several provisions of the Administration's budget would expand Medicaid spending. First, the budget would cover additional children by allowing states to guarantee at least 12 months of continuous eligibility when a child becomes eligible for Medicaid. It would also increase Medicaid enrollment among children who are already eligible for benefits as a by-product of giving states grants to expand children's health coverage. CBO estimates that those changes would cost $6 billion over the 1998-2002 period. Second, the budget proposes to repeal provisions in last year's welfare reform law that removed certain legal aliens and disabled children from the Medicaid rolls. Reinstating those beneficiaries would cost $7 billion over five years. Finally, other changes in Medicaid—including the effects on Medicaid of the Administration's proposals for Medicare—would cost $3 billion.

OTHER HEALTH INSURANCE PROPOSALS

The President's budget would create three new federal grants to states for the purpose of expanding health insurance coverage. First, the budget would

provide nearly $10 billion over the 1998-2001 period for programs providing health insurance to certain unemployed workers and their families. The budget includes no funding for those grants in 2002. Second, grants of $750 million a year would be made available to expand health insurance coverage among children. As noted above, CBO estimates that the resulting outreach efforts would also generate additional costs for the Medicaid program. Finally, $25 million a year would be devoted to helping establish health insurance purchasing cooperatives. In total, those three grants would cost $14 billion over the next five years.

WELFARE PROGRAMS

The President proposes to modify portions of last year's welfare reform law and to provide additional support to people who are making the transition from welfare to work.

Legal Aliens

The budget's proposed changes to welfare reform would exempt aliens who became disabled after entering the United States from the new restrictions on Supplemental Security Income (SSI) and Medicaid benefits. In addition, the President proposes to extend from five to seven years the period that refugees and asylees may receive SSI benefits after admission to the United States. Because of the difficulty in establishing the onset of disability for immigrants and because determining disability for the aged is problematic, CBO estimates that nearly all aliens who would otherwise be barred from SSI disability benefits and two-thirds of the aged would be able to secure eligibility for SSI benefits under this proposal. The two proposals would increase SSI spending by $9 billion over the 1997-2002 period.

Welfare-to-Work Proposals

The Administration's welfare-to-work proposals would increase federal spending by $3 billion and reduce revenues by $1 billion over the next five years. The Administration is requesting mandatory appropriations of

$0.8 billion in 1998, $1.0 billion in 1999, and $1.2 billion in 2000 for state and local governments to help long-term welfare recipients obtain jobs. The Administration would extend the Work Opportunity Tax Credit and expand its coverage to include credits for employers who hire able-bodied individuals age 18 to 50 who would be affected by the new work requirements in the Food Stamp program. It would also create a new credit for employers who hire long-term welfare recipients.