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STATEMENT BY ROBERT GREENSTEIN, EXECUTIVE DIRECTOR, ON THE HOUSE SUPPLEMENTAL FUNDING BILL

The House supplemental funding bill makes important changes to domestic policy by temporarily extending unemployment benefits and imposing a moratorium on harmful Medicaid regulations.

The unemployment measure would provide, on a temporary basis, an extra 13 weeks of jobless benefits to workers who exhaust their benefits without finding work. These extended benefits would not only help jobless workers meet basic needs such as food and rent while looking for work during a period when the economy is languishing, but would also help cushion the downturn's impact on the overall economy by bolstering consumer demand.

That's why the Congressional Budget Office, in comparing different forms of economic stimulus, gave extended jobless benefits its highest rating for cost-effectiveness. It's also why Congress has provided extended benefits in every recent recession — including the 2001 recession, when the share of the unemployed who are *long-term* unemployed and thus would receive extended benefits was considerably smaller than it is today. Although it would be preferable if the costs of this temporary extension of unemployment benefits were offset with savings that would take effect in future years, after the economy is back on track, it is much less important to offset the costs of strictly *temporary* measures to mitigate the effects of an economic downturn than to offset the costs on entitlement expansions or tax cuts that will be *ongoing* features of the policy landscape.

The Medicaid provision, the costs of which are fully offset, would delay until next April the implementation of seven regulations the Administration has proposed to cut federal Medicaid expenditures. With these regulations, the Administration would reduce or eliminate Medicaid payments for a variety of hospital and outpatient services, school-based health services, and services for individuals with disabilities.

The regulations would hit low-income children and people with disabilities the hardest, as a number of services on which they depend could face significant cutbacks. The regulations could also impede health care services on which entire communities rely, such as trauma care and neonatal intensive care. Congress has already rejected some of these proposals, and opposition remains strong and bipartisan. On April 23, the House voted 349-62 to delay implementation of these seven regulations.

The bill also contains provisions that would expand the number of veterans eligible for educational benefits and the amount of benefits they could receive, all of which would cost a hefty \$52 billion over ten years. There may be serious needs here; the Center does not have the expertise in this area to make a judgment on the proposed policy changes. But if these changes are worth making, they are worth paying for, which is recognized by the current House proposal to offset the cost of the new benefits with a surtax on high-income taxpayers.

To be sure, the cost of the new benefits pales in comparison to the \$644 billion cost of the Iraq War to date, which Congress has funded without making any hard choices such as scaling back the President's tax cuts, which themselves have cost \$1.2 *trillion* to date. But as with any new or expanded entitlement or tax cut, Congress should pay for it to avoid worsening the nation's already serious long-term budget problems.

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