



**California State Association of Counties**  
**1100 K Street, Suite 101**  
**Sacramento, CA 95814**

November 10, 2008

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
H-232, US Capitol  
Washington, DC 20515

Dear Madam Speaker Pelosi:

On behalf of the California State Association of Counties (CSAC), I am writing to thank you for your continued leadership aimed at ensuring passage of a second economic stimulus package. With the crisis on Wall Street extending to Main Street America, it is more important than ever that Congress provide targeted funding to state and local governments, many of which are struggling to stay afloat in the midst of ongoing turmoil in the nation's financial sector.

CSAC believes that a second economic stimulus bill must include significant investment for the nation's infrastructure, including funding for highway and transit initiatives. In California, the state currently has dozens of "ready-to-go" infrastructure projects that, if funded, would provide an immediate and significant economic multiplier effect. According to the American Association of State Highway and Transportation Officials, approximately 35 thousand jobs are created for every \$1 billion spent on transportation projects.

Additionally, many local governments are poised to inject their own dollars into transportation projects, which, when combined with an infusion of federal funding, would go a long way toward stimulating local economies in our state. Incidentally, CSAC was pleased to see that the version of the economic stimulus bill (HR 7110) that passed the House in late September included nearly \$17.5 billion for ready-to-go highway and transit projects.

In addition to infrastructure spending, CSAC strongly supports a temporary increase in the federal Medicaid matching rate (FMAP), which would provide immediate relief to state and local governments. California's counties, which rely upon Medicaid funding to serve low-income families, are responsible for assuming 100 percent of the costs of indigent care if sufficient Medicaid support is not available. Not surprisingly, California's counties are seeing a significant increase in reliance upon Medicaid due to the housing and economic crisis.

It should be noted that increasing FMAP would generate a significant increase in business activity and would allow state Medicaid programs to sustain their spending on health care goods and services. This was proven to be the case during the last economic downturn in 2003, at which time Congress approved a 15-month increase in the Medicaid matching rate.

Increasing FMAP also would provide immediate relief to many vulnerable working families, which rely on the Medicaid program for needed health services. People who are able to get the health services they need are more likely to be able to continue working and contributing to the economy as it recovers. As was the case with transportation funding, a proposed FMAP increase also was included in HR 7110.

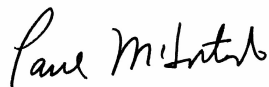
Notably, there were two important local programs that would not have received funding under the House-passed stimulus measure, but that were slated to receive dollars under the Senate stimulus bill. The first program, the Edward Byrne Justice Assistance Grant (JAG), would have been restored to fiscal year 2007 spending levels under the Senate legislation. The funding restoration was in response to a draconian 74 percent cut that was instituted as part of the fiscal year 2008 budget.

The second program slated for a funding boost under the Senate stimulus package was the child support enforcement program. As you know, cuts to child support funding, achieved under the Deficit Reduction Act of 2005, continue to threaten the long-term viability of the program. According to the Bush administration, for every dollar invested in child support enforcement, \$4.73 is returned to families and children. Additionally, the Congressional Budget Office has estimated that \$1 billion is lost in child support payments for each year that the cuts remain in effect. That \$1 billion is spent in communities as soon as it is received and lessens the need for other social services or helps families avoid public assistance altogether.

As you develop a new economic stimulus measure, CSAC strongly urges that the legislation include provisions that would restore funding for the JAG program and child support enforcement program. Likewise, we urge that funding for infrastructure projects and a temporary increase in the Medicaid matching rate be retained.

Thank you again for your leadership in advancing a new round of stimulus discussions. We look forward to continuing to work with you on this important matter, as well as other issues of importance to California's counties.

Sincerely,



Paul McIntosh  
Executive Director  
California State Association of Counties