



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

February 10, 2009

Dear Members of the California Congressional Delegation:

As the House and Senate prepare to negotiate a final version of the *American Recovery and Reinvestment Act of 2009* (HR 1), the California State Association of Counties (CSAC) urges you to work to include adequate investment for state and local infrastructure, health, community development, flood control, and energy programs. As the nation's economy continues its downward spiral, CSAC strongly believes that adequate investment in state and local programs represents one of the best ways to spur positive economic growth and job creation.

Below are CSAC's specific policy recommendations for the final economic recovery package.

### **Health and Human Services**

**Medicaid:** CSAC urges members of the California congressional delegation to advocate for the House bill's Medicaid distribution formula. While both versions of the legislation would allocate approximately \$87 billion in temporary Medicaid funding through an increase in the federal financial match for the program, the House bill would provide roughly \$11.07 billion to California (the Senate bill's formula would allocate about \$9.6 billion to California). CSAC also supports provisions in both bills that require states to pass-through funds to counties that are providing local revenues to pay for Medicaid services, such as In-Home Supportive Services and mental health.

In addition, CSAC supports provisions of the House bill that would provide states the option of creating a new, temporary category of Medicaid coverage to assist individuals that have been impacted by the recession. Without this temporary coverage, California's counties will cover the entire cost of providing health care for these individuals and families.

On a related matter, we urge adoption of the House provision to extend the existing moratoria on six Medicaid rules proposed by the Centers for Medicare and Medicaid Services (CMS). We also urge that the seventh rule relating to outpatient services be placed under the moratoria.

**Foster Care:** CSAC strongly supports provisions of the House and Senate bills that tie the federal IV-E foster care and adoption assistance federal match rate to the temporary increase in the match for Medicaid. Additionally, California's counties support provisions ensuring that counties receive their relative share of the increase based on their local revenue contributions to IV-E. While not in the House and Senate bills, we urge that the final legislation also tie IV-E to the unemployment rate factors for Medicaid, which would more accurately capture not only the economic strains on states and counties serving IV-E families, but would account for an anticipated increase in child welfare cases due to additional stresses placed on families.

**TANF:** CSAC supports the nearly identical House and Senate provisions establishing an emergency contingency fund for the Temporary Assistance for Needy Families (TANF) program. We urge, however, that the final bill incorporate the House language that does not cap the total TANF funding made available during federal fiscal years 2009-2010. Retaining the House language would ensure that states invest in TANF families without regard to whether they will have to end those investments if an arbitrary cap is reached; the House language also does not affect the overall cost of the legislation.

**Child Support Enforcement:** CSAC urges Congress to adopt the provisions of the Senate legislation that would temporarily restore the ability of counties to re-invest their earned performance incentive grants as matching funds for additional federal assistance through December 31, 2010. Funding will provide counties

administering this cost-effective program with much-needed resources to maintain or restore staff that obtain and enforce support orders and work with employers to ensure that payments are made. Collections received by families are spent quickly in the community, serving as a local economic stimulus.

**State Fiscal Stabilization Fund:** CSAC strongly supports the House bill's \$79 billion funding level for the State Fiscal Stabilization Fund, of which approximately \$64 billion would be allocated by formula. California alone would receive nearly \$7.9 billion in formula grant funds, or nearly \$4 billion more than it would receive under the Senate bill.

CSAC proposes two critical modifications to the Fund. First, we urge that the funding be made available immediately, instead of as phased-in payments envisioned in the House measure. Second, we urge that conferees strike the provision tying state eligibility for the Fund to a maintenance-of-effort provision for education. It should be noted that education expenditures account for roughly one-half of the State's approximately \$103 billion General Fund outlays. If education is exempt from any cuts, there will be enormous pressure to make disproportionate cuts to non-education programs, including many health and human services programs that are financed and administered by counties and serve our most vulnerable population.

**Public Health Investments:** CSAC urges Congress to include in the final economic recovery bill the House legislation's \$3 billion appropriation targeted at protecting the public's health. As the economy continues to deteriorate and more individuals lose their jobs, local health departments are on the front line providing health services. While the funding is temporary, the House investment has long-term implications for improving the health of our communities by ensuring that more children receive necessary immunizations and chronic diseases are prevented or identified in their early stages. Additionally, the National Association of County and City Health Officials estimates that local health departments have already lost 7,000 jobs during the recession. This investment is therefore essential for local health departments to maintain and perhaps restore their staffing capacity to serve vulnerable populations and promote and protect the health of their entire communities.

### **Transportation Funding**

CSAC urges Congress to adopt the highest possible funding levels for highway and transit funding. According to the Federal Highway Administration's job model, the transportation investment included in the stimulus legislation would create hundreds of thousands of jobs across all sectors of the economy. California has a significant backlog of transportation projects and need throughout all levels of government, which will allow expedient investment of any highway monies made available to the state.

### **Community Development Block Grant**

CSAC urges Congress to adopt the House-passed bill's proposed funding level of \$1 billion for the CDBG program. Funding under the program, which can be used by local governments for a wide range of infrastructure and economic development projects, has been used previously by the federal government as a mechanism for quickly disseminating recovery funds after natural disasters and recessions.

### **Energy Provisions**

CSAC supports the House-passed funding level of \$3.5 billion for the Energy Efficiency and Conservation Block Grant (EECBG). Although the Senate bill includes \$4.2 billion for the EECBG, only \$2.1 billion is slated for the formula grant portion of the program; the other \$2.1 billion would be directed toward a competitive grant program in which a state's governor would certify certain building code and decoupling standards.

### **Law Enforcement/Criminal Justice Funding**

CSAC supports \$3 billion for the Byrne/Justice Assistance Grant (JAG) program and \$1 billion for the COPS hiring program as approved by the House.

### **Funding for Flood Control and Environmental Restoration Projects**

CSAC recommends that the House bill include language stipulating that local flood control and environmental restoration projects be eligible to receive federal economic recovery funds. The House and Senate legislation would provide billions of dollars to the U.S. Army Corps of Engineers to address its construction backlog; however, local projects also should be eligible for a portion of these economic recovery dollars. Local flood control projects can put more people to work on a greater number of projects dispensed over a larger area than, for example, a single large Corps project. Federal funds can flow to smaller, local flood protection projects through the Corps 1135 program, the National Estuary Program, the Natural Resources Conservation Service, and the Job Corps.

### **Funding for Stormwater and Wastewater Infrastructure**

Counties are concerned that the House and Senate bill's proposals to utilize the traditional State Revolving Funds (SRF) program to address our nation's massive stormwater infrastructure needs is inadequate. Accordingly, we urge Congress to include language in the final legislation that would provide stormwater program funding directly to localities through grants or zero interest loans. In addition, language should be included that specifies that implementation activities for municipal stormwater systems – including program management activities, stormwater control plan development, implementation of pollution controls, engineering and design, and construction of treatment facilities – be eligible to receive economic recovery funding.

Additionally, counties encourage significant funding for grants and loans to replace and repair our aging water and wastewater infrastructure. Utilizing the existing SRF programs will require some changes to these programs, for example, authorization to issue grants via loan forgiveness. Counties urge that deadlines in the legislation to commit funds allow a short but reasonable timeframe for needed program changes to be made in order to facilitate getting stimulus dollars out as quickly as possible for eligible projects.

### **Funding for Wildland Fires**

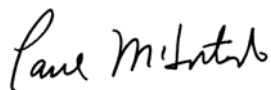
CSAC supports the Senate's \$330 million funding level for Bureau of Land Management construction, land management, and wildland fire activities. With regard to funding for wildland fire activities under the purview of the U.S. Forest Service, we support the \$850 million as approved by the House.

### **Repeal of Three-Percent Withholding Requirement**

CSAC supports provisions of the House bill that would repeal the three percent withholding tax on government contractors. Scheduled to take effect on January 1, 2011, this unfunded mandate marks the first time that federal tax withholding and reporting would be imposed on the purchase of goods and services – a requirement that would only apply to the public sector.

Counties in California have significant infrastructure and program needs with billions of dollars in “shovel ready” projects. Investment in such projects and programs would not only meet the federal government's objective of job creation and stimulating the economy, but would also benefit all of California's citizens. Thank you for your consideration of these recommendations. If you have any questions, please do not hesitate to contact me at (916) 327-7500 (Ext. 506).

Sincerely,



Paul McIntosh  
Executive Director  
California State Association of Counties