

December 10, 2009

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Harry Reid  
Majority Leader  
United States Senate  
Washington, DC 20510

Dear Madam Speaker and Majority Leader Reid:

As you work to develop a jobs bill to address the weak economy, we write to urge you to include fiscal relief for states and local governments in order to strengthen the national economy. Fiscal assistance to states and localities, as most states confront large budget deficits, constitutes an effective economic stimulus that preserves and creates jobs that would otherwise be lost. ***State and local fiscal assistance should be a vital component of any jobs package. We urge you to extend Medicaid assistance and stabilization funding to state and local governments for at least one year, and additional funding for state and local government services.***

Fiscal relief under the American Recovery and Reinvestment Act (ARRA)- also known as the "Recovery Act" has lessened the severity of the recent recession and minimized spending cuts and the number of jobs lost. This federal assistance is allowing states to meet their Medicaid and education obligations without cutting programs more deeply, thereby avoiding the adverse economic effects that would entail. Further, the Congressional Budget Office and economist Mark Zandi have found that a temporary increase in fiscal relief to state and local governments has a very high economic "bang for the buck."

The additional federal Medicaid assistance provided under the Recovery Act is slated to end with a "cliff" on December 31, 2010. By this time, states also will largely have exhausted the Recovery Act's State Fiscal Stabilization Fund, which funds education and other critical government services. States are preparing to cut spending and increase taxes in the coming months to balance their budgets for the upcoming fiscal year that ends on July 1 in all but four states. States will have to impose deep cuts to close an estimated \$260 billion shortfall (net of available ARRA funds) in FYs 2011 and 2012 if Congress doesn't extend relief or phase it out gradually over time. For example, many governors have already announced plans to eliminate public sector jobs, decrease funding to safety-net providers and scale-back Medicaid coverage once Recovery Act funds expire. These state budget cuts will have a ripple effect throughout the economy, and according to economic measures, could result in the loss of 900,000 jobs.

We urge you in the strongest terms possible to extend fiscal relief in the jobs bills currently being considered in Congress. Thank you for your consideration and we look forward to working with you on job preservation and creation in order to ensure a timely economic recovery.

AFL-CIO  
AFSCME  
AIDS Action Baltimore  
AIDS Project Los Angeles  
Alliance for Children and Families  
American Association of State Colleges and Universities  
American Association on Intellectual and Developmental Disabilities (AAIDD)  
American Federation of Teachers  
American Network of Community Options and Resources  
Amerigroup  
APSE  
Association of Assistive Technology Act Programs (ATAP)  
Association of Jewish Aging Services of North America  
Association of Jewish Family & Children's Agencies  
Bazelon Center for Mental Health Law  
Campaign for America's Future  
Campus Progress Action  
Center on Budget and Policy Priorities  
Coalition on Human Needs  
Community Access National Network  
Community Action Partnership  
Council for Exceptional Children  
Easter Seals  
Every Child Matters Education Fund  
Families USA  
Family Voices  
HIV Medicine Association  
International Association of Fire Fighters  
International Federation of Professional and Technical Engineers (IFPTE)  
Jewish Council for Public Affairs  
The Jewish Federations of North America  
Medicaid Plans of America  
Mental Health America  
National Alliance for Mental Illness  
National Association of Children's Hospitals  
National Association of County Behavioral Health  
National Association of State Mental Health Program Directors (NASMHPD)  
National Council for Community Behavioral Healthcare  
National Council on Independent Living (NCIL)  
National Council on the Aging  
National Down Syndrome Society (NDSS)  
National Education Association  
National Policy and Advocacy Council on Homelessness (NPACH)  
National Women's Law Center  
NISH  
Project Inform  
Service Employees International Union (SEIU)  
The AIDS Institute  
The Arc of the United States  
The Campaign for College Affordability  
The National Association of State Directors of Developmental Disabilities Services (NASDDDS)  
United Auto Workers  
United Cerebral Palsy  
United Neighborhood Centers of America