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FINANCIAL SERVICES COMMITTEE

SUBCOMMITTEE ON CAPITAL MARKETS

SUBCOMMITTEE ON FINANCIAL INSTITUTIONS

SUBCOMMITTEE ON HOUSING

Congress of the United States  
House of Representatives  
Washington, DC 20515-3203

**SUPPORT STATE FISCAL RELIEF**

Dear Republican Colleague:

In 2003, we fashioned a temporary increase in the federal Medicaid matching rate that proved effective in starving off cuts to Medicaid. The provisions included in the Title IV of the Jobs and Growth Tax Relief and Reconciliation Act (P.L. 108-27) included a 2.95% increase in FMAP rates for the last two quarters of 2003 and the first three quarters of 2004. These provisions expired October 1, 2004 and were not renewed.

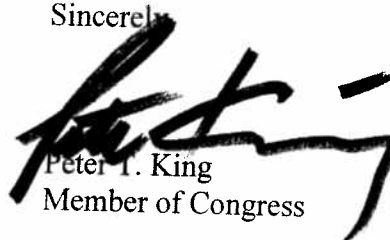
As we consider ways to combat this economic downturn, I strongly urge you to support the addition of countercyclical spending to aid state and local governments. In a survey of state officials in all 50 states and the District of Columbia in December 2003, the Kaiser Commission on Medicaid and the Uninsured found that the temporary increase in the federal share of Medicaid costs helped states ease their budget problems and avoid making additional and deeper changes to their Medicaid programs in FY 2004. Forty-two states reported that the federal fiscal relief helped to meet the funding increases in their Medicaid programs by resolving budget shortfalls.

**More than half of all states reported using the fiscal relief to minimize or postpone additional Medicaid cuts or freezes. No states made changes to Medicaid eligibility that would have disqualified the state from receiving the fiscal relief.**

As we consider methods to combat current the current economic downturn, I seek your support for state fiscal relief in the form of an FMAP increase. The National Governors' Association (NGA), the National Conference of States Legislatures (NCSL) and many respected economists are actively promoting state fiscal relief as a key component of a successful stimulating the economy.

We have made progress in fashioning economic stimulus relief, but state fiscal relief in the form of a temporary increase to the FMAP will strengthen our goals. I urge you to support its inclusion in future stimulus proposals by signing the attached letter. Please contact Kerry Ann Watkins of my staff at X57896 to add your name to this important effort.

Sincerely,



Peter T. King  
Member of Congress

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

The Honorable John Boehner  
Republican Leader  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Speaker Pelosi and Leader Boehner,

Thank you for working quickly and successfully to adopt an economic stimulus package. The provisions included in the package – including rebate payments, changes to depreciation rules for businesses, and policies to help homeowners avoid foreclosure – will all help to strengthen our economy during this period of downturn.

As other measures are considered in Congress, however, we strongly urge you to support the addition of countercyclical spending to aid state and local governments. Congress took this successful approach during the 2002-2003 economic downturn, temporarily increasing the federal Medicaid match (FMAP) as well as general funding aid to states. We feel a similar approach is needed now to avert cuts in health care, education, aid to local governments, and other critical services. We seek your support for state fiscal relief in the form of an FMAP increase. The National Governors' Association (NGA), the National Conference of States Legislatures (NCSL), and many respected economists are actively promoting state fiscal relief as a key component of a successful stimulus package.

The House has made great progress in fashioning economic stimulus relief. State fiscal relief in the form of a temporary increase to the FMAP will strengthen further the goals of effective economic stimulus.

Sincerely,