

September 17, 2008

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, D.C. 20510

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

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

Dear Senator Reid, Senator McConnell, Speaker Pelosi and Representative Boehner:

As Congress considers whether to take additional action to stimulate the nation's economy, governors call on members to provide states with a temporary increase in the federal matching rate for Medicaid and additional funds for infrastructure investment.

A recent survey of state officials indicates that as many as 27 states are projecting deficits for fiscal year 2009 of at least \$25 billion. Although not all states are facing revenue shortfalls, a majority must take action to decrease spending or increase revenues to meet balanced budget requirements. Both actions can prolong a downturn and slow recovery, and therefore, one of the strongest stimulus policies that the federal government can enact would be to provide additional state funding.


During the last economic downturn, Congress enacted both a \$10 billion block grant and \$10 billion to temporarily enhance Federal Medical Assistance Percentages (FMAP) for every state and a delay in scheduled FMAP decreases for two years. This Medicaid component provided immediate fiscal relief to states by preventing cuts to programs important to vulnerable populations during fiscal downturns. Given that the impact on states is coincidental with the national downturn and will extend a year or two past the point where the national economy begins to recover, it would be important for the funds to be available over a 24 to 30-month period.

In addition, Congress should invest in job creation by investing in the nation's infrastructure. For example, providing additional funding for programs that support ready-to-go infrastructure projects will result in new jobs and economic activity to help reverse the economic downturn.

Investing in states is an effective and efficient way to inject money into the economy and help those most directly affected by the economic downturn. We urge you to include investments in states as part of any additional stimulus measure.

Sincerely,


Governor Janet Napolitano
Arizona


Governor Arnold Schwarzenegger
California



Governor M. Jodi Rell
Connecticut



Governor Ruth Ann Minner
Delaware



Governor Rod Blagojevich
Illinois



Governor Chester J. Culver
Iowa



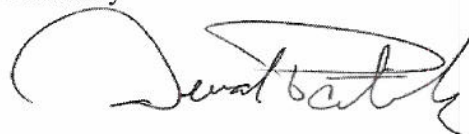
Governor Kathleen Sebelius
Kansas



Governor Steven L. Beshear
Kentucky



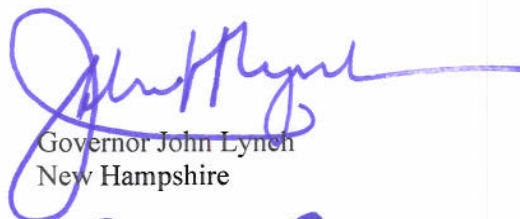
Governor Martin O'Malley
Maryland



Governor Deval Patrick
Massachusetts



Governor Jennifer M. Granholm
Michigan



Governor John Lynch
New Hampshire



Governor Jon S. Corzine
New Jersey



Governor Bill Richardson
New Mexico



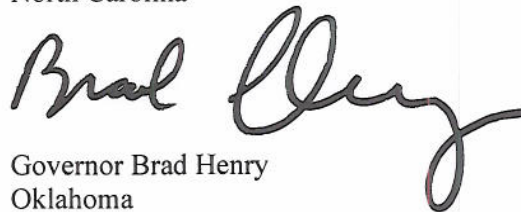
Governor David A. Paterson
New York



Governor Michael F. Easley
North Carolina



Governor Ted Strickland
Ohio



Governor Brad Henry
Oklahoma



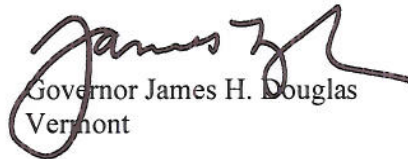
Governor Theodore R. Kulongoski
Oregon



Governor Edward G. Rendell
Pennsylvania



Governor Aníbal Acevedo Vilá
Puerto Rico



Governor James H. Douglas
Vermont



Governor Timothy M. Kaine
Virginia



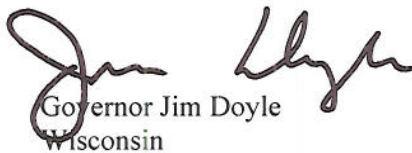
Governor John deJongh, Jr.
Virgin Islands



Governor Christine O. Gregoire
Washington



Governor Joe Manchin
West Virginia



Governor Jim Doyle
Wisconsin