



January 27, 2009

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Dear Representative:

On behalf of the 1.6 million members of the American Federation of State, County and Municipal Employees (AFSCME), I urge you to vote in favor of the American Recovery and Reinvestment Act (ARRA) of 2009 (H.R. 1). It will create and save millions of jobs and offers a lifeline to state and local governments so they can avoid layoffs and harmful cuts to Medicaid, education, reemployment services, child care, child support enforcement, public safety and other essential services. We urge you to resist any amendments that would reduce investments to states and localities or workers hardest hit by the recession.

Specifically, AFSCME strongly supports the short-term increase in federal support for state and local Medicaid programs. While the need for Medicaid coverage is increasing due to loss of job-based health care coverage for millions of Americans, states are experiencing sharp and ongoing drops in revenues, straining their ability to meet the increased demand. A temporary increase in the federal share of Medicaid will help preserve health care coverage, prevent job losses and spur economic growth. Experts estimate that the level of increase in funding for state Medicaid programs included in the House bill will save or create between 350,000 and 400,000 jobs.

H.R. 1 contains several additional provisions that are vitally important to return fiscal health to state and local governments. The State Fiscal Stabilization Fund, which provides \$79 billion over two years in grants-in-aid to states, will enable states to adequately fund K-12 education, as well as stabilize funding for vital public services. In early childhood education, the increased funding for the Child Care and Development Block Grant and Head Start will pay for 300,000 and 110,000 more children's slots, respectively, as well as generate a total of 175,000 jobs. And, we appreciate the other very important areas of state and local government aid contained in this legislation, including public health, child support enforcement, reemployment services, transportation and public infrastructure and law enforcement.

AFSCME also fully supports the provisions and reforms in H.R. 1 designed to strengthen the unemployment insurance (UI) system to respond to rapidly rising unemployment. These include extending the Emergency Unemployment Compensation (EUC) program, guaranteeing \$500 million to states to expand their capacity to process UI claims for the growing number of unemployed workers, providing incentives to states to adopt reforms that will enable more low-wage, part-time and women workers to qualify for UI benefits, and a \$25 weekly benefit increase.

**American Federation of State, County and Municipal Employees, AFL-CIO**

TEL (202) 429-1000 FAX (202) 429-1293 TDD (202) 659-0446 WEB [www.afscme.org](http://www.afscme.org) 1625 L Street, NW, Washington, DC 20036-5687

On the tax side, AFSCME strongly supports the bill's repeal of President Bush's Treasury Department's "Wells Fargo ruling," which granted banks a multi-billion dollar tax write-off for the losses of the companies the banks acquired. Given that the ruling did not incentivize any productive investments, no reason exists to divert this important tax revenue from the U.S. Treasury.

AFSCME urges Congress to quickly pass this legislation so we can return fiscal health to state and local governments and to our economy as a whole.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles M. Loveless". The signature is fluid and cursive, with the first name "Charles" being the most prominent.

Charles M. Loveless  
Director of Legislation

CML:fbf