

Dec-05-2001 12:29pm

From=STATE OF MISSOURI

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T-426 P.002

F-718



"Real Solutions That Work For Families"

December 4, 2001

Governor Gray Davis
California
Chair

Governor Gary Locke
Washington
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Governor Tom Vilsack
Iowa
Vice Chair for Policy

Governor Roy Barnes
Georgia
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Governor Howard Dean
Vermont
Recruitment Chair

HJ Thornberry
Executive Director

Mark S. Welner
Treasurer

The Honorable Thomas A. Daschle
Majority Leader
United States Senate
The Capitol, Room S-221
Washington, D.C. 20510

Dear Senator Daschle:

As Democratic Governors, we are writing to reiterate our strong support – as expressed in the National Governors Association's November 26, 2001 letter – for including a temporary increase in the federal medical assistance percentage (FMAP) in the economic stimulus legislation.

All of our states are seeing major budget shortfalls caused primarily by declining revenue growth and the explosion in the costs of the Medicaid program. Increasing FMAP is particularly important in the stimulus bill to offset potential reductions in state revenues resulting from accelerated depreciation proposals under consideration. The Center on Budget and Policy Priorities estimates that these tax provisions could reduce state revenues by \$2 billion to \$5 billion per year.

An increase in the FMAP in the final economic stimulus bill should include the following three major provisions:

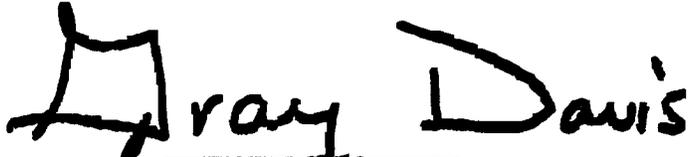
1. A hold harmless provision for any state that would receive a decrease in its FMAP this year;
2. At a minimum, an additional one and one-half percent increase in the FMAP for every state; and
3. At a minimum, a one and one-half percent increase in the FMAP for states with higher than average unemployment.

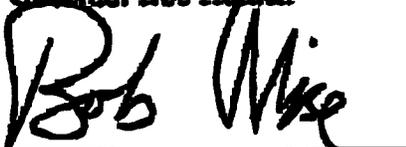
The nation's Governors have identified FMAP as their number one priority for an economic stimulus measure and the most direct way to boost state economies. We understand there are many demands on you as you negotiate a final package, but we urge you to include a temporary increase in the FMAP in the final stimulus package.

Page 2
December 4, 2001

Sincerely,

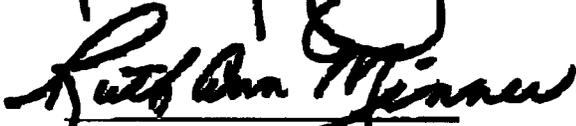

Governor Bob Holden


Governor Gray Davis


Governor Bob Wise

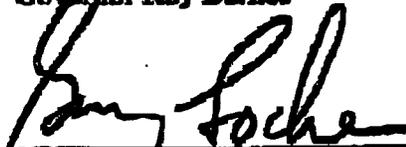

Governor Ronnie Musgrove

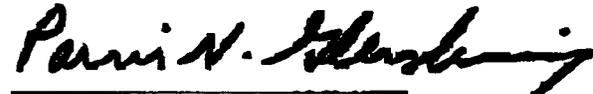

Governor Jim Hodges


Governor Ruth Ann Minner


Governor Roy Barnes


Governor Jeanne Shaheen


Governor Gary Locke


Governor Parris Glendening


Governor Tom Blasko


Governor Mike Basley


Governor Don Siegelman

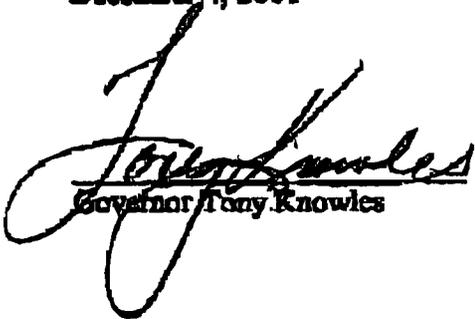

Governor Howard Dean


Governor Paul Patton

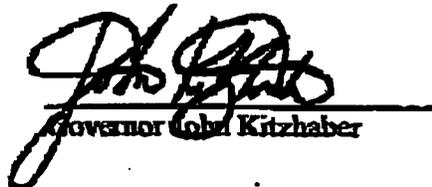

Governor Frank O'Bannon

Page 3

December 4, 2001



Governor Tony Knowles



Governor John Kitzhaber

Dec-05-2001 12:30pm From-STATE OF MISSOURI

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7-426 P.005 F-716

Page 4
December 4, 2001

cc: The Honorable Max Baucus
The Honorable Richard A. Gephardt
The Honorable Charles B. Rangel
The Honorable John D. Dingell