



February 5, 2008

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Dear Senator:

On behalf of the 1.4 million members of the American Federation of State, County and Municipal Employees (AFSCME), I am writing to express our support for the Economic Stimulus Act of 2008 as reported out of the Senate Finance Committee. This legislation, while it does not address the burgeoning state and local fiscal crisis, is a balanced package that includes important provisions including extended unemployment benefits, which are badly needed by many American workers who have lost their jobs.

There is little doubt that the national economy has slipped into serious decline with a long downturn and recession as the likely result. To respond to this growing crisis, the Congress should take swift action to stimulate the economy and begin to address the underlying causes of the economic downturn. Most respected economists agree that the most efficient way to provide effective stimulus is not through tax cuts alone, but by providing unemployment benefits, state fiscal aid, an increase in Food Stamps and other spending. These programs provide immediate relief to many low income Americans and have a high rate of return on the investment.

The latest jobs report from the Department of Labor shows that long-term unemployment is already a serious problem. According to the Economic Policy Institute, not only is the economy losing jobs at a rapid rate, but the number of long-term unemployed is substantially higher – 1.4 million at this time – than it was in March of 2002, the time of the last recession. In addition, independent researchers have forecast that by the fourth quarter, the unemployment rate will have increased to 6.2 percent and that nearly 1.9 million workers will be unemployed long term by the end of 2008. It is abundantly clear that the Congress should not wait until things get worse to provide extended unemployment benefits. Extended unemployment benefits are needed and they are needed now. AFSCME strongly supports the inclusion of extended unemployment benefits in the stimulus at this time, which the Senate Finance package does accomplish.

AFSCME also strongly supports the amendment which may be offered by Senator Rockefeller, which provides \$12 billion in state fiscal relief split between an increase in the federal match for Medicaid (FMAP) and targeted grants to states. The fiscal condition of many states is already showing signs of serious strain. Already at least 25 states face a budget shortfall in Fiscal Year 2009 and more promise to follow. An increase in FMAP not only provides states immediate fiscal relief, but the benefits also help ensure the continuation of health insurance coverage to children and the poor. The Rockefeller amendment helps children and families, and it was used effectively in 2003 when fiscal relief legislation included an increased match for Medicaid.

Once again, AFSCME supports the Senate Finance stimulus package. It is targeted and balanced and begins to address systemic problems in the economy at this time, but we fear more will be needed in the future to reverse the effects on the present economic downturn.

Sincerely,

Charles M. Loveless  
Director of Legislation

CML:ej:gm

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

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