



**California State Association of Counties**  
**1100 K Street, Suite 101**  
**Sacramento, CA 95814**

January 23, 2009

Dear Members of the California Congressional Delegation:

On behalf of the California State Association of Counties (CSAC), I am writing to urge you to approve an economic recovery package that provides significant investment for state and local infrastructure, health, community development, flood control, and energy programs. As the nation's economy continues to struggle, CSAC strongly believes that adequate investment in state and local programs represents one of the best ways to spur positive economic growth and job creation.

In reviewing the House Energy and Commerce Committee's portion of the economic recovery bill, CSAC is strongly supportive of a number of the legislation's provisions, including language calling for a temporary increase in the federal share of the Medicaid and IV-E foster care programs. We also support the legislation's requirement that States pass through funding to those counties that contribute to the non-federal financial share of Medicaid and foster care. We urge, however, that State and local IV-E expenditures also be eligible for the additional federal participation provided under the Medicaid section for those states with high unemployment. CSAC also supports the restoration of child support enforcement funding as found in the Ways and Means Committee's portion of the economic recovery package.

Below are several proposed modifications to the House Appropriations Committee-approved bill that CSAC believes would greatly assist states and local governments in efforts to stimulate the economy.

**Distribution of Highway Funding**

CSAC is generally supportive of utilizing the Surface Transportation Program (STP) to distribute highway funding to states and MPOs, but is concerned about the ensuing suballocation of funds for county and city projects given the diverse operating nature of regional agencies throughout California. Accordingly, CSAC recommends modifying the House bill to require that a percentage of highway funds are passed through from the State of California to counties and cities, as well as to MPOs/regional agencies. Specifically, we recommend the following language be included in the House bill:

Any state that meets certain specified economic distress criteria would be required to ensure a share of their Federal-Aid Highway Funds received pursuant to this bill to each of the following in the amounts indicated:

- (a) one-third to the State Department of Transportation,
- (b) one-third to regional agencies,
- (c) and one-third to counties and cities. This share would be shared evenly between counties and cities.

A state shall meet the required economic distress criteria if the state has a population over 33,000,000 and ranks among the ten highest of all states in all of the following, based on the latest available data from data sources used in other Federal allocation formulas:

- (a) unemployment rate,
- (b) uninsured rate for persons under age 65, and
- (c) percentage of loans in the foreclosure

#### **Community Development Block Grant**

The CDBG program has been used previously by the federal government as a mechanism for quickly disseminating recovery funds to state and local governments after natural disasters and recessions. CDBG funding can be used by local governments for a wide range of infrastructure and economic development projects that create jobs and produce lasting positive impacts. Accordingly, we strongly urge that the final economic recovery legislation include no less than \$10 billion for the CDBG, or the same level of funding as recommended by the Center for American Progress. The current version of the House bill includes just \$1 billion in CDBG funding.

#### **Funding for Flood Control and Environmental Restoration Projects**

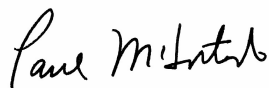
CSAC recommends that the House bill include language stipulating that local flood control and environmental restoration projects be eligible to receive federal economic recovery funds. The current House legislation would provide \$4.5 billion to the U.S. Army Corps of Engineers to address its construction backlog; however, local projects also should be eligible for a portion of these economic recovery dollars.

#### **Grants (Not Loans) for Water and Wastewater Infrastructure**

Counties are concerned that the current proposal to utilize the traditional State Revolving Funds (SRF) program to address our nation's massive water and sewer infrastructure needs is inadequate. By using the SRF program, there will be significant delays in getting stimulus dollars out quickly as a result of the interest levels that will be charged for repayment and the prohibition in many states against certain water systems applying for funds. CSAC urges Congress to reestablish a water and wastewater program that provides money directly to localities through grants or zero interest loans.

Counties in California have significant infrastructure and program needs with billions of dollars in "shovel ready" projects. Investment in such projects and programs would not only meet the federal government's objective of job creation and stimulating the economy, but would also benefit all of California's citizens. Thank you for your consideration of these recommendations. If you have any questions, please do not hesitate to contact me at (916) 327-7500 (Ext. 506).

Sincerely,



Paul McIntosh  
Executive Director  
California State Association of Counties