



Office of Congressman Jeff Flake

## *News Release*

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# **Congressman Flake Sends Letter to Treasury Secretary Snow Seeking Clarification on Appropriate Use of Federal Aid to States**

*Money Ought to Be Used to Lessen Budget Deficit*

**Washington, D.C.** - Arizona Congressman Jeff Flake, who represents the state's Sixth District, today sent a letter to Treasury Secretary John Snow seeking clarification on the appropriate use of federal aid to the states, which was included in President Bush's tax cut package. Arizona will receive about \$350 million from the federal government as a result of the bill.

According to news reports, leaders of Arizona's Legislature would like to use the money to balance the budget, while Arizona's governor would prefer to spend the money.

**"I believe that this type of federal aid to the states is bad policy,"** said Flake. **"I would have preferred to give this money back to state taxpayers in the form of a larger tax cut."**

**"However, just because this money came from the federal government doesn't mean that the states ought to follow the terrible example of the federal government by spending it, instead of using it to balance the budget. By spending the money on new or existing programs, rather than using it to offset the budget deficit, the state would just increase the baseline for next year and make the problem worse."**

**“Our governor says that this aid was not ‘designed to be a bank account for the states.’ Better to treat it like a bank account than a credit card, because at some point we’re going to have to pay the bill.”**

A copy of Congressman Flake’s letter is attached.

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June 3, 2003

John W. Snow  
Secretary of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

Dear Mr. Secretary:

Congratulations on the President's recent success in signing the Jobs and Growth Act into law. This package will certainly promote growth and give the economy a much-needed shot in the arm.

One provision of the package, however, gave me heartburn: \$20 billion in federal aid for states. I believe that this provision sets a bad precedent. I fear that some states may actually be in a worse position next year due to an increase in baseline spending that may result.

I wish to receive clarification from you as to the appropriate use by the states of the federal aid package. The law allows the aid to be used for "essential services" provided by the state government. However, this designation is ambiguous, as the state legislature may deem anything it chooses to fall under that category.

Some advocate the use of one-time revenue to pay for existing government programs. I assume that the Administration believes that the aid would be most wisely spent on debt reduction, rather than bolstering programs that will inflate the state's baseline spending next year. I would appreciate learning of your reading on this subject.

Thank you for your attention to this important matter. I look forward to your reply.

Sincerely,

JEFF FLAKE  
Member of Congress