

KATHY CASTOR
11TH DISTRICT, FLORIDA

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COMMITTEE ON RULES

DEMOCRATIC STEERING AND
POLICY COMMITTEE

ASSISTANT WHIP-AT-LARGE



Congress of the United States
House of Representatives
Washington, DC 20515-0911

WASHINGTON OFFICE:

317 CANNON BUILDING
WASHINGTON, DC 20515
(202) 225-3376

DISTRICT OFFICE:

4144 NORTH ARMENIA AVENUE
SUITE 300
TAMPA, FL 33607
(813) 871-2817

www.castor.house.gov

September 27, 2008

The President
The White House
Washington, D.C. 20500

Re: U.S. House Economic Stimulus Package - H.R. 7110 - Job Creation and
Unemployment Relief Act

Dear Mr. President:

I write to express my sincere disappointment in your threatened veto of H.R. 7110, the Job Creation and Unemployment Relief Act, which passed the U.S. House yesterday by a strong bipartisan vote of 264 to 158. The Job Creation and Unemployment Relief Act provides a \$60 billion direct economic stimulus for families and communities across America through job creation, infrastructure investments and health care for children and seniors.

At the beginning of the week you and the Treasury Secretary asked Congress to provide \$700 billion to rescue the nation's financial system. I note that the Administration did not propose any way to pay for such an enormous outlay of taxpayer funds. So it is particularly troubling that the White House will not approve a modest \$60 billion for the emergency conditions facing hardworking Americans today.

I strongly disagree with your position that the Act "will not provide short term stimulus or long-term growth for the economy." In fact, economists and leaders in my state of Florida, for example, advise that such actions will have an immediate positive impact on the economy, our state budget and, most importantly, my neighbor's ability to deal with the economic downturn.

Under the Job Creation and Unemployment Relief Act, my home state of Florida would receive a 4% increase or approximately \$1 billion in enhanced Medicaid funding. As you know, Medicaid provides health services to children, seniors and pregnant women. Many will go without critical health services and be unable to see a doctor unless we act. In addition, the funds could be used by the Governor to offset cuts in other areas of our state budget as the latest projected shortfall totals \$2 billion.

Economists advise that an increase in Medicaid would be felt instantly. In the 2003 stimulus package, Congress approved an increase of 2.95% - a \$10 billion outlay - to temporarily enhance Federal Medical Assistance Percentage (FMAP) allocations for every state. By 2005, economists estimated the positive economic impact in the private sector and on the state economies from just a 2.95 percentage point increase in the FMAP. Each \$1 million investment in Medicaid at the state level, together with a 2.95 percentage point increase in the FMAP, would generate an average of \$3.854 million in business activity. The rate of return per state dollar invested in Medicaid would range from \$6.22 in Mississippi to \$1.92 in Delaware.

An extension of unemployment insurance benefits is also in the bill. This investment is particularly effective as stimulus: the benefits go to workers who have lost their jobs, so the added income is likely to be invested in the community quickly. As CBO director Peter Orszag recently told the House Budget Committee, "Research has shown that the unemployment insurance system is among the most effective dollar-for-dollar economic stabilizers that we have in terms of counterbalancing periods of economic weakness." The non-partisan Tax Policy Center predicted, "A policy of extending unemployment benefits offers a very high bang for the buck in terms of macroeconomic stimulus."

Furthermore, the infrastructure investments called for under the Job Creation and Unemployment Relief Act provide short term benefit by putting people to work and buying goods and leave behind long term infrastructure improvements that will benefit our communities for years to come. The Act provides \$21 billion for our nation's aging highways and bridges, the nation's water resource infrastructure and crumbling public school repairs and to improve energy efficiency in these public buildings.

For every \$1 billion in new transportation spending, approximately 50,000 jobs are generated and \$5.7 billion in additional economic activity

occurs. The Governor of Florida could begin to “turn the dirt” on numerous construction projects in a very short time, with attendant economic stimulus and job creation mentioned above. Indeed, in August, Florida Governor Charlie Crist charged state agencies to begin identifying infrastructure projects that would be available for new, immediate investment.

The elements of the Job Creation and Unemployment Relief Act provide short term benefits and leave behind long term improvements. In proposing your \$700 billion plan to rescue the nation’s financial system you were honest with the American people - there is no guarantee the bailout will work. In contrast, the Job Creation and Unemployment Relief Act provisions have been recognized by experts, called for by state leaders and appreciated by ordinary Americans as meaningful personal lifelines and economic supports.

Respectfully,

A handwritten signature in blue ink that reads "Kathy Castor". The signature is written in a cursive style with a large, sweeping "K" and a long, trailing "C".

Kathy Castor
United States Representative
Florida District 11

cc. The Honorable Nancy Pelosi, Speaker of the House
The Honorable David Obey, Chairman, House Committee on Appropriations